CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Consolidated income statement

As of 31 March, in € millions	*Notes*	**2014**	**2013**	**2012**
Net sales	*15*	**1,031.6**	**1,193.3**	**1,026.1**
Cost of sales		(413.4)	(456.4)	(396.1)
Gross margin		**618.2**	**736.9**	**630.0**
Distribution costs	*16*	(379.8)	(403.3)	(344.8)
Administrative expenses	*16*	(89.6)	(89.8)	(79.0)
Other income from operations	*16*	1.4	1.6	1.5
Current operating profit	*15*	**150.2**	**245.4**	**207.7**
Other operating income/(expense)	*18*	(4.9)	(7.5)	(3.0)
Operating profit		**145.3**	**237.9**	**204.7**
Cost of net financial debt		(22.8)	(22.1)	(26.9)
Other financial income/(expense)		(3.4)	2.1	(8.4)
Net financial income/(expense)	*19*	**(26.2)**	**(20.0)**	**(35.3)**
Profit before tax		**119.1**	**217.9**	**169.4**
Income tax	*20*	(45.8)	(72.0)	(47.3)
Share in profit of associates	*5*	(10.9)	(15.5)	(0.4)
Profit from continuing operations		**62.4**	**130.4**	**121.7**
Net profit/(loss) from discontinued operations	*21*	–	–	(10.6)
Net profit for the year		**62.4**	**130.4**	**111.1**
Attributable to:				
non-controlling interests		-	-	0.3
owners of the parent company		62.4	130.4	110.8
Net earnings per share - from continuing operations (€)				
basic		1.27	2.67	2.47
diluted		1.27	2.66	2.46
Net earnings per share - **attributable to the owners of the parent company (€)**				
basic		1.27	2.67	2.25
diluted		1.27	2.66	2.24
Number of shares used for the calculation				
basic	*10.2*	49,180,683	48,880,252	49,324,332
diluted	*10.2*	49,311,783	49,010,681	49,473,230

Consolidated statement of comprehensive income

As of 31 March, in € millions	**2014**	**2013**	**2012**
Net profit for the year	**62.4**	**130.4**	**111.1**
Movement in the value of hedging instruments(1)	11.0	5.0	(16.2)
Actuarial difference on pension commitments	(0.4)	(3.1)	(1.7)
Movement in the value of AFSshares(2)	(0.1)	0.3	(0.3)
Related tax effect	(3.7)	(0.7)	6.3
Release of actuarial difference on pension commitments of the Champagne division, net of tax	-	-	(1.5)
Movement in translation differences	(11.6)	1.6	16.3
Total income/(expenses) recorded in equity	**(4.8)**	**3.1**	**2.9**
Total comprehensive income for the year	**57.6**	**133.5**	**114.0**
Attributable to:			
owners of the parent company	57.7	133.5	113.7
non-controlling interests	(0.1)	-	0.3
(1) of which unrealised gains and losses transferred to income	(1.9)	1.7	(12.0)
(2) of which unrealised gains and losses transferred to income	–	-	-

Consolidated statement of financial position

As of 31 March, in € millions	*Notes*	**2014**	**2013**	**2012**
Brands and other intangible assets	*3*	480.5	480.2	443.2
Property, plant and equipment	*4*	190.9	173.1	146.4
Investments in associates	*5*	38.8	52.8	68.4
Other financial assets	*6*	93.2	89.9	86.9
Deferred tax assets	*20*	31.7	47.2	44.0
Non-current assets		**835.1**	**843.2**	**788.9**
Inventories	*7*	1,024.6	945.9	792.6
Trade and other receivables	*8*	202.7	255.5	207.9
Income tax receivables		16.9	0.8	3.9
Derivative financial instruments	*14*	12.8	6.3	5.6
Cash and cash equivalents	*9*	186.3	186.8	190.1
Assets held for sale	*2*	-	28.8	0.2
Current assets		**1,443.3**	**1,424.1**	**1,200.3**
Total assets		**2,278.4**	**2,267.3**	**1,989.2**
Share capital		77.6	81.4	79.4
Share premium		680.9	828.6	738.2
Treasury shares		(13.7)	(97.4)	(95.8)
Consolidated reserves and profit of the year		267.2	270.7	244.4
Translation reserve		(1.2)	10.3	8.6
Shareholders' equity - owners of the parent company		**1,010.8**	**1,093.6**	**974.8**
Non-controlling interests		1.1	1.2	1.2
Shareholders' equity	*10*	**1,011.9**	**1,094.8**	**976.0**
Long-term financial debt	*11*	553.0	389.2	340.0
Provision for employee benefits	*23*	26.7	25.2	21.8
Long-term provisions for liabilities and charges	*12*	4.6	5.8	6.9
Deferred tax liabilities	*20*	94.7	99.0	98.4
Non-current liabilities		**679.0**	**519.2**	**467.1**
Short-term financial debt and accrued interest charge	*11*	46.8	63.1	38.7
Trade and other payables	*13*	509.0	542.9	467.5
Income tax payables		10.0	25.3	13.0
Short-term provisions for liabilities and charges	*12*	14.4	3.6	1.5
Derivative financial instruments	*14*	7.3	18.4	25.4
Current liabilities		**587.5**	**653.3**	**546.1**
Total equity and liabilities		**2,278.4**	**2,267.3**	**1,989.2**

Change in consolidated shareholders' equity

As of 31 March, in € millions	**Share capital and premium**	**Treasury shares**	**Reserves and net profit**	**Translation reserve**	**Profit recorded in equity**	**Attributable to owners of the parent company**	**Attributable to non-controlling interests**	**Total equity**
As at 31 March 2011	**814.8**	**(0.6)**	**261.1**	**(7.7)**	**(4.7)**	**1,062.9**	**0.9**	**1,063.8**
Net profit/(loss)	-	-	110.8	-	-	110.8	0.3	111.1
Gains (losses) recorded in equity	-	-	-	16.3	(13.4)	2.9	-	2.9
Share-based payments	-	-	4.3	-	-	4.3	-	4.3
Capital increase	2.8	–	(0.1)	-	-	2.7	-	2.7
Transactions on treasury shares	-	(95.2)	–	-	-	(95.2)	-	(95.2)
Dividends	-	–	(113.6)	-	-	(113.6)	-	(113.6)
At 31 March 2012	**817.6**	**(95.8)**	**262.5**	**8.6**	**(18.1)**	**974.8**	**1.2**	**976.0**
Net profit/(loss)	-	–	130.4	–	–	130.4	–	130.4
Gains (losses) recorded in equity	-	-	-	1.7	1.4	3.1	-	3.1
Share-based payments	-	-	5.3	-	-	5.3	-	5.3
Capital increase	92.4	-	-	-	-	92.4	-	92.4
Transactions on treasury shares	-	(1.6)	-	-	-	(1.6)	-	(1.6)
Dividends	-	-	(110.8)	-	-	(110.8)	-	(110.8)
At 31 March 2013	**910.0**	**(97.4)**	**287.4**	**10.3**	**(16.7)**	**1,093.6**	**1.2**	**1,094.8**
Net profit/(loss)	-	-	62.4	-	-	62.4	-	62.4
Gains (losses) recorded in equity	-	-	-	(11.5)	6.8	(4.7)	(0.1)	(4.8)
Share-based payments	-	-	3.7	-	-	3.7	-	3.7
Capital reduction	(151.5)	151.5	-	-	-	-	-	-
Transactions on treasury shares	-	(74.9)	-	-	-	(74.9)	-	(74.9)
Dividends	-	-	(69.3)	-	-	(69.3)	-	(69.3)
Reclassification	-	7.1	(7.1)	-	-	-	-	-
At 31 March 2014	**758.5**	**(13.7)**	**277.1**	**(1.2)**	**(9.9)**	**1,010.8**	**1.1**	**1,011.9**

Consolidated statement of cash flows

As of 31 March, in € millions	*Notes*	**2014**	**2013**	**2012**
Current operating profit		150.2	245.4	207.7
Depreciation, amortisation and impairment		17.1	16.5	14.7
Share-based payments		3.7	5.3	4.3
Dividends received from associates	*5*	0.5	0.9	2.0
EBITDA		**171.5**	**268.1**	**228.7**
Change in inventories		(94.1)	(50.5)	(40.0)
Change in trade receivables		33.1	(28.7)	4.4
Change in trade payables		16.6	16.8	5.5
Change in other receivables and payables		(17.3)	16.2	23.4
Change in working capital requirement		(61.7)	(46.2)	(6.7)
Net cash flow from operations		**109.8**	**221.9**	**222.0**
Other operating income/(expenses)		(3.1)	0.9	(0.3)
Financial result		(31.3)	(24.0)	(16.9)
Income tax		(77.0)	(66.8)	(104.2)
Other operating cash flows		**(111.4)**	**(89.9)**	**(121.4)**
Net cash flow from operating activities - continuing operations		**(1.6)**	**132.0**	**100.6**
Impact of discontinued operations		-	-	12.0
Net cash flow from operating activities		**(1.6)**	**132.0**	**112.6**
Purchase of intangible assets and property, plant and equipment	*3/4*	(42.2)	(26.1)	(17.2)
Purchase of shares in associates and non-consolidated investments	*5/6*	-	(151.8)	(0.7)
Cash flow from disposals		37.4	0.3	1.4
Disposal of shares in associates and non-consolidated investments	*6*	-	-	1.3
Net cash flow from other investments	*6*	(0.3)	0.6	(0.3)
Net cash flow from investment activities - continuing operations		**(5.1)**	**(177.0)**	**(15.5)**
Impact of discontinued operations		-	-	71.3
Net cash flow from investment activities		**(5.1)**	**(177.0)**	**55.8**
Capital increase	*10*	-	-	2.7
Treasury shares	*10*	(74.9)	2.4	(95.2)
Increase in financial debt		176.1	96.6	25.0
Repayment of financial debt		(24.7)	(40.6)	(58.1)
Dividends paid		(69.3)	(18.4)	(113.6)
Net cash flow from financing activities - continuing operations		**7.2**	**40.0**	**(239.2)**
Impact of discontinued operations		-	-	172.7
Net cash flow from financing activities		**7.2**	**40.0**	**(66.5)**
Translation differences on cash and cash equivalents		(1.0)	1.7	7.6
Change in cash and cash equivalents		**(0.5)**	**(3.3)**	**109.5**
Cash and cash equivalents at start of year	*9*	**186.8**	**190.1**	**80.6**
Cash and cash equivalents at end of year	*9*	**186.3**	**186.8**	**190.1**

Notes to the consolidated financial statements

INTRODUCTION

Rémy Cointreau is a société anonyme (joint stock company) with a Board of Directors subject to French legislation and in particular the French Commercial Code. Rémy Cointreau shares are listed on Euronext Paris.

The consolidated financial statements presented below were approved by the Board of Directors on 3 June 2014. They will be submitted for shareholder approval at the Shareholders' Meeting on 24 July 2014.

NOTE 1 ACCOUNTING POLICIES

Rémy Cointreau's financial year runs from 1 April to 31 March. The consolidated financial statements are presented in millions of euros.

In accordance with European General Regulation (EC) No. 1606/2002 of 19 July 2002, the consolidated financial statements of Rémy Cointreau are prepared in accordance with the international accounting policies applicable within the European Union as of 31 March 2014.

These standards can be consulted on the European Commission website at: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

First-time adoption of IFRS

International accounting standards were applied with retroactive effect to the transition balance sheet as of the transition date (1 April 2004), with the exception of certain optional and mandatory exemptions provided for in IFRS 1 "First-time adoption of International Financial Reporting Standards". The transition balance sheet gave rise to a Note in the registration document for the year ended 31 March 2005, a separate disclosure prior to publication of the financial statements for the six months ended 30 September 2005 and a Note in the registration document for the year ended 31 March 2006.

IFRS 1 offered options with regard to the accounting treatment of various items. In this respect, the Rémy Cointreau Group made the following elections:

- business combinations: exemption from retroactive application of IFRS 3 was applied;
- measurement of property, plant and equipment and intangible assets: the option to value these assets at their fair value on the transition date was not taken;
- employee benefits: deferred actuarial differences under French GAAP on the transition date were recognised;
- translation of the financial statements of foreign subsidiaries: translation reserve relating to the consolidation of subsidiaries in foreign currencies were cancelled on 1 April 2004, with a corresponding entry in retained earnings brought forward;
- share-based payments: the Rémy Cointreau Group did not apply IFRS 2 to share-based payments in respect of stock option plans opened before 7 November 2002, as its application was optional prior to this date.

IAS 32 and IAS 39 were first implemented with effect from 1 April 2005, without adjustment to the figures for the year ended 31 March 2005, pursuant to the option available under IFRS 1. The effect of this change in accounting policy was recorded in equity as of 1 April 2005.

Changes to accounting principles compared with the previous year

The standards and amendments whose application by the Group was compulsory for the first time from 1 January 2013, are as follows:

- IFRS 13, "Fair value measurement";
- Amendments to IAS 19, primarily aimed at removing the option to postpone the recognition of all or part of actuarial differences (corridor method);
- Amendments to IFRS 1, "Severe hyperinflation and removal of fixed dates for first-time adopters" and "Government loans";
- Amendments to IAS 12, "Income taxes": recovery of underlying assets;
- Amendments to IFRS 7, "Financial instruments: disclosures": transfers of financial assets, offsetting of financial assets and financial liabilities;
- Amendments resulting from 2013 IFRS annual improvements.

The first time adoption of these standards and amendments did not have any material impact on the consolidated financial statements.

The standards, interpretations and amendments whose application is compulsory after 31 March 2014 and for which the Group did not choose early application for the consolidated financial statements for the year ended 31 March 2014, are as follows:

- IFRS 10, “Consolidated financial statements”;
- IFRS 11, “Joint arrangements”;
- IFRS 12, “Disclosure of interests in other entities”;
- Amendment to IAS 27, “Consolidated and separate financial statements”;
- Amendment to IAS 28, “Investments in associates and joint ventures”;
- Amendment to IAS 36 - Impairment of assets, recoverable amount disclosures for non-financial assets;
- Amendments to IAS 32, offsetting financial assets and financial liabilities;
- Amendments to IAS 39, "Financial instruments: recognition and measurement, entitled "Novation of derivatives and continuation of hedge accounting".

The first-time application of these standards and amendments is not expected to have a material impact on the consolidated financial statements.

NOTE 1.1 USE OF ESTIMATES

The preparation of the financial statements in accordance with International Financial Reporting Standards requires the use of estimates and assumptions that have a bearing on the amounts reported in the financial statements and whose subsequent revision could affect future results. This is particularly the case in respect of the valuations described below.

Brands

At least once a year, the Group tests the carrying amount of brands and related assets. The main valuation method is based on the discounting of future cash flows. Future cash flows are estimated by reference to medium-term business plans approved by the Board of Directors. A number of external factors may impact the actual achievement of these plans.

Investments in associates

The Group has a number of investments in associates, the most significant being in Chinese company Dynasty Fine Wines Group Limited. To test the value of this investment in the absence of usually available data (financial statements, share prices, medium-term plans), Rémy Cointreau uses external data such as financial analyses performed by stockbrokers and other expertise available on the market. These data are based to a large extent on estimates.

Provisions for risks

The recognition of provisions for risks, generally intended to cover compensation payable in the event of disputes with third parties, requires the Group’s management to estimate the level of probability associated with this risk and also the outcome of negotiations, transactions and legal proceedings that are or may be conducted with the third parties concerned.

Pension commitments and other post-employment benefits

The valuation of these obligations is determined by the use of actuarial methods involving assumptions in respect of the discount rate, expected return on plan assets, salary increases, life expectancy, etc. Given the long-term nature of these obligations, any changes to these assumptions may have a material impact on the valuation.

Stock-option plans

Calculation of the corresponding charge (IFRS 2) calls for assumptions to be made in respect of the volatility of the share price, dividend payment, staff turnover rate and achievement of performance criteria.

Derivative financial instruments

Derivative financial instruments held by the Group in connection with its ordinary activities, mainly in the form of options, are valued using the methods prevailing in the financial markets. Note that these valuations are based on market data as at the balance sheet date. These values may fluctuate rapidly due to constant changes in the financial markets.

NOTE 1.2 BASIS OF CONSOLIDATION

The consolidated financial statements include, on a fully consolidated basis, all significant subsidiaries of which Rémy Cointreau directly or indirectly controls more than 50% of the voting rights or over which it exercises effective control, even when it has no actual shareholding (special-purpose entities, see also note **1.22**).

Entities over which Rémy Cointreau exercises significant influence are accounted for by the equity method. This is presumed to be the case when Rémy Cointreau holds between 20% and 50% of voting rights.

Consolidated and equity-accounted companies prepare their financial statements in accordance with generally accepted accounting principles in their country. Where necessary, adjustments are made to these financial statements to bring their accounting policies into line with those used by the Group.

All significant transactions between consolidated companies as well as intra-Group gains and losses are eliminated on consolidation.

NOTE 1.3 TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES

The consolidated financial statements of the Rémy Cointreau Group are stated in euros, the functional currency of Rémy Cointreau SA. The balance sheets of foreign subsidiaries, whose functional currency is not the euro, are translated at the closing exchange rate, while the income statements are translated at the average exchange rate for the period concerned. Differences arising from the use of different exchange rates are recognised directly in equity under “Translation reserve” until the sale or liquidation of the subsidiary concerned.

NOTE 1.4 FOREIGN-CURRENCY TRANSACTIONS

In accordance with IAS 21, “Changes in foreign exchange rates”, transactions denominated in foreign currencies are recorded by each consolidated entity at the rate of exchange of the functional currency, as prevailing on the transaction date. At the balance sheet date, foreign currency assets and liabilities are netted and translated at the closing rate of exchange of the functional currency. The resulting differences are recognised in the income statement as an operating item or as a financial item depending on the nature of the underlying transactions.

This treatment is also applied to intra-Group transactions with the exception of those classified as net investment hedges, for which the effects of changes in foreign exchange rates are recognised directly in equity under “Translation reserve”.

The Rémy Cointreau Group generates around 70% of its net sales outside the euro zone, whereas production and other costs are incurred mainly within this zone. The consolidated operating profit thus has significant exposure to changes in foreign exchange rates. The Group frequently uses financial derivatives, particularly options and forward currency contracts, to hedge this currency risk.

These financial derivatives are recognised on the balance sheet at their closing market value. When they qualify as hedging instruments as defined by IAS 39, changes in the value of such instruments are recognised in:

- gross profit for the effective portion of hedges relating to trade receivables and payables at the balance sheet date;
- so-called recyclable equity for the effective portion of hedges relating to future cash flows, the gain or loss being recycled in gross profit (for trading cash flows) or within net financial income/ (expense) (for other cash flows) as the cash flows covered by the hedging transactions occur;
- net financial income/(expense) for the ineffective part of hedges relating to future cash flows, including changes in the time value of options.

Currency gains and losses realised during the year are recorded at the same level as their underlying transactions (i.e. within gross profit for trading transactions).

More details on derivatives are provided in note **1.10.c**.

NOTE 1.5 BUSINESS COMBINATIONS AND GOODWILL

Goodwill represents the difference between the cost of acquisition of the shares and the fair value of identifiable assets and liabilities at the date of acquisition.

In accordance with IFRS 3 “Business combinations”, goodwill is not amortised but is subject to impairment testing at least annually and as soon as there is any indication of a decrease in value. For the purpose of this testing, goodwill is allocated to Cash Generating Units (CGUs).

Costs related to an acquisition are recognised in profit and loss for the periods in which the costs are incurred and the services received. They are classified as “Other operating expenses” in the consolidated income statement and as net cash flow from investment activities in the consolidated cash flow statement.

NOTE 1.6 INTANGIBLE FIXED ASSETS

Intangible assets mainly comprise the value of the brands identified when acquisitions are made by the Group.

Expenditure incurred to create new brands or to develop existing brands and all expenses relating to the registration and legal protection of brands are systematically recognised in the income statement for the period in which they are incurred.

The brands recorded on the Rémy Cointreau Group’s balance sheet are not amortised as they have the benefit of legal protection, generate higher earnings than those of similar unbranded products and have an indefinite useful life.

Brands are tested for impairment at least annually at the period end and as soon as there is any indication of a decrease in value. These tests are described in note **1.8**.

In addition, distribution rights associated with brands are recognised when an acquisition is made by the Group. When these rights have an indefinite life, they are not amortised but are tested for impairment together with the brands to which they relate.

Pursuant to IAS 38 – Intangible assets, advertising and promotional expenses are recorded as expenses in the period in which they are incurred.

The Group does not capitalise any research and development costs.

Other intangible assets are amortised over the following periods:

- leasehold rights: over the term of the lease;
- application licenses and direct costs of installations and/or upgrades: three to seven years.

NOTE 1.7 PROPERTY, PLANT AND EQUIPMENT

A) Gross cost

In accordance with IAS 16 "Property, plant and equipment", the gross value of items of property, plant and equipment corresponds to their acquisition or production cost. These assets are not revalued subsequently.

Their value does not include any finance costs.

Capital grants are deducted from the cost of the property, plant or equipment to which they relate.

Maintenance and repair costs are recognised in the income statement when incurred, except when intended to increase productivity and/or to extend the useful life of an asset.

Items of property, plant and equipment acquired through finance leases, as defined by IAS 17 "Leases", are recorded as assets on the balance sheet at the lower of the market value of the asset or the present value of future payments. The corresponding debt is recorded as a liability on the balance sheet.

The assets concerned are depreciated using the methods and useful lives described below.

B) Depreciation

Depreciation is calculated using the straight-line method applied to the acquisition cost less any estimated residual value.

The Rémy Cointreau Group's non-current assets are predominantly used in production. Given that they are used until the end of their estimated useful lives, it is deemed that they have no material residual value.

Depreciation is based on the estimated useful lives of the different categories of property, plant and equipment, being the periods during which it is estimated that the Group will derive economic benefits from these assets.

• Buildings, depending on the components	10 to 75 years
• Stills, casks, vats	35 to 50 years
• Technical plant, machinery and equipment	3 to 15 years
• Computer hardware	3 to 5 years
• Other non-current assets	5 to 10 years

NOTE 1.8 IMPAIRMENT OF NON-CURRENT ASSETS

In accordance with IAS 36 "Impairment of assets", the value in use of property, plant and equipment and intangible assets is tested as soon as there is any indication of a decrease in value, and automatically at each period end in the case of assets with an indefinite useful life (i.e. brands and certain distribution rights, see note **1.6**).

When impairment tests indicate that the present value is less than the carrying amount and that this loss is deemed to be permanent, impairment is recognised in the income statement under "Provisions for impairment".

For these tests, assets are allocated to Cash Generating Units (CGUs). In the Group's case, the structure of these units is based on the brand portfolio. Each brand or group of brands constitutes a unit when the brand or brands generate cash inflows that are largely independent of those generated by other brands or groups of brands.

These tests consist of comparing the carrying amount of the brands and related assets with their present value, the latter being the higher of their value in use and their market value less any costs involved in selling the assets.

With respect to operational entities that the Group's management has decided to sell, the assets concerned are stated at the lower of their carrying amount and estimated market value after transaction costs. If negotiations are in progress, the value is based on the best estimate of their outcome as of the balance sheet date.

The principal method used to estimate value in use is based on the present value of future cash flows (excluding finance costs) generated by the use of each brand. These cash flows are estimated by reference to medium-term business plans (five years) approved by the Board of Directors. The terminal value is determined by applying a constant growth rate to infinity. The discount rates used are set for each brand in turn and include a specific risk premium for each activity.

When recent transactions involving similar assets have taken place, the multiples for these transactions are used to determine market value.

NOTE 1.9 INVENTORIES

Inventories are recognised when the risks and rewards of their ownership have passed to the Group. The application of this principle, which is part of the IFRS conceptual framework, results in the recognition of inventories that are held physically and legally by third parties. The counterparty to these inventories is generally recorded in trade payables.

Inventories are stated at the lower of cost and net realisable value.

A substantial part of the inventories held by the Rémy Cointreau Group consists of *eaux-de-vie* (cognac, brandy, rum, malt Scotch whisky) that are undergoing ageing. These inventories may be held for periods ranging from three to more than 70 years. They remain classified within current assets based on common industry practice.

Inventories originating from vineyards owned or operated directly by the Group are not material.

Inventories that are undergoing ageing are valued at cost price, excluding finance costs. The latter are recognised in the income statement in the period in which they are incurred. Cost price includes the purchase price and incidental costs and is adjusted each year to include costs directly attributable to the ageing process as well as to reflect evaporation.

The approach used to determine realisable value takes into account the sale price of finished goods made from these inventories.

Finished goods inventories are stated at the lower of the cost price calculated using the weighted average cost method and net realisable value.

NOTE 1.10 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are valued in accordance with IAS 39 "Financial instruments: recognition and measurement", as approved by the European Union on 19 November 2004 and its subsequent amendments.

A) Trade receivables and payables

Trade receivables and payables, which are generally collected or settled within three months, are stated at nominal value.

An impairment provision is recognised when the asset value of trade receivables, based on the probability of collection, is less than their carrying amount.

B) Non-consolidated equity investments

These shares consist of available-for-sale investments (AFS) as defined by IAS 39 and are therefore stated at realisable value as at the balance sheet date, with changes in value being recognised:

- in general, directly in equity until such gains or losses are actually realised;
- when the loss is considered to be permanent, an impairment provision is recognised in financial income/(expense).

In the case of the Rémy Cointreau Group, these shares represent non-core investments that have been retained for historical reasons and which are not listed on a regulated market.

C) Derivative financial instruments

The Group makes extensive use of derivative financial instruments as part of its policy of hedging exposure to currency and interest rate risks. The Group has implemented the procedures and maintains the documentation needed to justify the application of hedge accounting as defined by IAS 39.

Derivative instruments are stated at market value as at the balance sheet date. Market values are calculated using an external valuation model, and compared with those obtained from counterparty banks. Changes in the value of currency derivatives are recognised in the manner described in Note **1.4**. When used to hedge interest rate risk, changes in the value of derivative instruments (mainly caps and interest swaps) are recorded in recyclable equity in respect of the change in the intrinsic value of the hedging instruments when these options are active and in net financial income/(expense) for any residual change in fair value of the hedging instruments and the change in fair value of the non-hedging instruments.

D) Loans and financial debt

Financial resources are generally stated at nominal value net of costs incurred when arranging this financing. These costs are recognised in the income statement as finance costs using an actuarial calculation (the effective interest rate method), except for costs relating to the syndicated loan, which are amortised using the straight-line method over the term of the contract.

NOTE 1.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and short-term investments that are considered highly liquid, can be converted into a known amount of cash and involve immaterial risk of loss in value in relation to the criteria specified in IAS 7.

In the statement of cash flows, bank overdrafts are excluded from cash and cash equivalents and are included in short-term financial debt.

NOTE 1.12 DEFERRED TAXES

In accordance with IAS 12, deferred tax is recognised on all temporary differences between the carrying amounts of the assets and liabilities in the consolidated financial statements and the corresponding values used for taxation purposes in the accounts of the consolidated entities.

Deferred tax is calculated at the statutory tax rates that are expected to be in effect when timing differences reverse, which is generally the tax rate for the current reporting period or that of the subsequent reporting period, if known. The effects of changes in tax rates are included in the income tax expense for the period in which they become known.

The main source of deferred tax for the Rémy Cointreau Group arises from the difference in the value of the brands in the consolidated financial statements, most often resulting from goodwill on acquisition, and their value for taxation purposes, which is generally nil.

As required by IAS 12, a deferred tax liability is recognised on the difference between the carrying amount and the tax value of shares in associates. In the case of fully consolidated entities, the deferred tax liability is recognised only in respect of dividends that are certain at the balance sheet date.

Tax savings from tax losses carried forward are recognised as deferred tax assets and written down according to the probability of these losses later being utilised.

NOTE 1.13 PROVISIONS FOR RISKS AND LIABILITIES

In accordance with IAS 37 “Provisions, contingent liabilities and contingent assets”, a provision is recognised when the Group has an obligation towards a third party and it is certain or highly probable that it will result in an outflow of resources for the benefit of the third party, without receipt of an at least equivalent consideration from the said third party. Provisions for restructuring are recognised only when restructuring has been announced and detailed measures drawn up.

When the time value of money is material, the amount of the provision corresponds to the present value of expected expenditure that the Company believes to be necessary to meet the liability. In practice, when the liability is expected to be settled in more than 12 months, the amount of the provision is discounted to its present value, with the effects being recognised in net financial income/(expense).

NOTE 1.14 PENSION COMMITMENTS AND OTHER EMPLOYEE BENEFITS

In accordance with the laws and practices in each country, Rémy Cointreau offers employee benefit plans providing pensions and other post-employment benefits through defined-contribution or defined-benefit plans. The assets of pre-financed pension plans are managed as separate funds by independent asset managers or insurance companies.

Commitments are determined and recognised in accordance with the requirements of IAS 19.

Accordingly:

- charges relating to defined-contribution plans are recognised as expenses when paid;
- commitments in respect of defined-benefit plans are determined by actuaries using the projected unit credit method. These calculations are based on assumptions regarding life expectancy, staff turnover and future salary increases. They also take into account the economic situation in each country. For Group companies located in the euro zone, the discount rate used is based on the iBoxx index for bonds with a maturity close to that of the corresponding liabilities.

Commitments under defined-benefit plans concern:

- retirement indemnities and long-service awards under collective bargaining agreements in France;
- commitments in respect of various post-employment healthcare benefits;
- other commitments in respect of supplementary defined-benefit pension plans sponsored by the Group in France, Germany and Belgium.

Certain Group companies have early retirement plans that are accounted for in the same way as employee redundancy.

Actuarial gains and losses for post-employment defined-benefit plans arising since 1 April 2004 are also recognised directly in equity. These actuarial gains and losses correspond to adjustments to reflect differences between the previous actuarial assumptions and actual experience, and the effects of changes in actuarial assumptions.

NOTE 1.15 NET SALES

Net sales include wholesale trading of finished goods in branded wines and spirits marketed by the Group to:

- distributors;
- agents;
- wholesalers, mainly in North America and China.

These sales are recognised when the significant risks and rewards of ownership have been transferred to the buyer, which generally occurs on shipment.

These amounts are stated net of duties and taxes and are determined by reference to customer prices. Sales to wholesalers are recognised net of any provisions for discounts, rebates and other forms of trade agreements when they result in the customer ultimately paying a lower price for the goods.

Certain revenues that are ancillary to the sale of wine and spirit brands (notably from subcontracting and the distribution of alcohol-free products) are recorded at their net amount under “Other income/ (expense)” when they are peripheral to the Group’s core activity.

NOTE 1.16 DEFINITION OF CERTAIN INDICATORS

A) Current operating profit, operating profit, profit/(loss) from discontinued operations

Current operating profit comprises all elements relating to the Group’s activities with the exception of:

- the operating profit from operations that were discontinued during the period or for which plans to this effect have been approved by the Board of Directors. The corresponding operating profit is reclassified in the item “Profit/(loss) from discontinued operations” together with other items of income and expense relating to these activities;
- items that, given their nature, frequency and materiality, cannot be considered as part of the Group’s ordinary activities and which affect inter-period comparisons. They include notably impairment provisions in respect of brands and other non-current assets recognised as a result of impairment tests (see Note 1.8), provisions for restructuring and litigation, and significant gains and losses on the sale of assets other than those relating to operations that already have been, or are to be, discontinued.

B) Earnings before interest, tax, depreciation and amortisation (EBITDA)

EBITDA is used notably in the calculation of certain ratios. It corresponds to the current operating profit adjusted by adding back depreciation and amortisation charges for the period in respect of property, plant and equipment and intangible assets, and charges in respect of stock option plans and related items, to which are added dividends received from associates during the period.

C) Net debt

Net debt is used notably in the calculation of certain ratios. It corresponds to long-term financial debt plus short-term financial debt and accrued interest less cash and cash equivalents.

NOTE 1.17 SEGMENT REPORTING

As required by IFRS 8, the Rémy Cointreau Group provides an analysis by business and geographical area of certain items of its consolidated financial statements.

A) Business segments

The operating segments to be presented are those for which separate financial information is available internally and which are used by the "main operational decision-maker" to make operational decisions. Rémy Cointreau's main operational decision-maker is the Executive Committee. This committee reviews operational performances and allocates resources based on the financial data analysed for Rémy Martin, Liqueurs & Spirits and Partner Brands business. Consequently, the Group has identified these businesses as the operating segments to be presented. In addition, a holding segment includes the central expenses that are not allocated to the various divisions.

The main brands in the "Liqueurs & Spirits" segment are Cointreau, Passoa, Metaxa, St-Rémy, Mount Gay and Bruichladdich.

The Partner Brands division includes brands which are not owned by the Group and those whose production is not carried out wholly by the Group. These brands are distributed using the Group's distribution network. The principle brands are the Scotch whiskies owned by the Edrington Group and the Piper-Heidsieck and Charles Heidsieck champagnes.

Information given by business segment is identical to that presented to the Executive Committee.

B) Geographic area

The breakdown of net sales by geographic area is based on the destination of goods sold, while the breakdown of balance sheet items is based on the country in which the consolidated entities are located.

The geographic areas used are: EuropeMiddle-EastAfrica, Americas and Asia-Pacific. The Asia-Pacific area includes Asia, Australia and New Zealand.

NOTE 1.18 TREASURY SHARES

Group investments in Rémy Cointreau shares are deducted from equity at their acquisition cost.

On 15 November 2005, and for a period of one year renewable by tacit agreement, Rémy Cointreau signed a liquidity agreement with Rothschild &Cie Banque that complies with the Ethics Charter of the Association Française des Entreprises d'Investissement and was approved by the Autorité des Marchés Financiers (AMF) by a decision dated 22 March 2005 and published in the Bulletin des Annonces Légales Obligatoires (BALO) on 1 April 2005.

At each period end, Rémy Cointreau shares held via the liquidity account and the net gains or losses during the year on share transactions conducted by the contract manager are reclassified as equity. The value of cash held in the liquidity account is recorded as "Other financial assets".

NOTE 1.19 STOCK OPTIONS AND BONUS SHARE PLANS

In accordance with IFRS 2 "Share-based payments", plans established since 7 November 2002 give rise to the recognition of a charge representing the estimated value of the benefit granted to the plans' beneficiaries. Amounts are expensed as "Administrative expenses" and simultaneously credited to reserves.

- For stock option plans: the benefit is measured on the date that each plan is granted using a binomial model and is expensed on a straight-line basis over the vesting period (four years).
- For bonus share plans: the valuation is based on the share price on the allocation date and on the estimated dividends paid during the vesting period, weighted by the anticipated achievement of the final allocation criteria. The benefit is expensed on a straight-line basis over the vesting period (two years).

NOTE 1.20 EARNINGS PER SHARE

Basic earnings per share are calculated based on the weighted average number of shares in issue during the reporting period, less treasury shares.

Diluted earnings per share are calculated based on the weighted average number of shares in issue during the reporting period, less treasury shares and plus the weighted average number of shares that would be issued during the reporting period if all existing subscription options granted in respect of the various plans, and which have not lapsed at the balance sheet date, were to be exercised. As required by IAS 33, it is assumed that proceeds from the theoretical exercise of the options are used to acquire ordinary shares at the average market price during the period.

In the event that diluted earnings per share are higher than basic earnings per share, diluted earnings per share are adjusted to the level of basic earnings per share.

NOTE 1.21 DISCONTINUED OPERATIONS

When a company or activity is classified as being discontinued as at the balance sheet date in accordance with IFRS 5, the assets and liabilities directly related to the operation and which will be transferred on completion of the disposal are reclassified as “Assets held for sale” or “Liabilities directly related to assets held for sale” for the current reporting period only.

When a company or activity that represents a major and distinct line of business or geographic area has been sold during the reporting period or classified as assets held for sale:

- each line of the contribution to the result of said company or business for the current period and for comparison periods is reclassified as "Net profit/(loss) from discontinued operations". A similar reclassification is made in the cash flow statement by using: "Impact of discontinued operations" for operating and investment cash flows;
- when the disposal is still in progress at the balance sheet date, any difference between the carrying value of the assets in question and the estimated market value, net of disposal expenses and tax, if negative, is recognised as "Net profit/(loss) from discontinued operations";
- the profit generated by the disposal, net of transaction costs and tax, is also recognised under "Net profit/(loss) from discontinued operations". In the statement of cash flows, a distinction is made between the cash received as consideration for the sale net of transaction costs, classified as cash flow from investments, and any impact of the de-consolidation of the cash held by the entity sold, classified as cash flow from financing activities.

Direct costs associated with the disposal in progress and which are irrevocably incurred at the balance sheet date are recognised under "Net profit/(loss) from discontinued operations". A similar reclassification is made in the statement of cash flows using the: "Impact of discontinued operations" for investment cash flows.

NOTE 1.22 CONSOLIDATION OF CO-OPERATIVES

Since 1April 2003, the Rémy Cointreau Group has fully consolidated as a special purpose entity, the Alliance Fine Champagne (AFC) co-operative, in respect of the scope of operations relating to Rémy Cointreau.

This consolidation is reflected by the recognition in the consolidated balance sheet of the inventories that AFC holds and intends to deliver to Rémy Cointreau. These inventories include inventories held by the distillers in connection with three-year supply agreements. Corresponding entries are included in financial debt and trade payables. The resulting finance costs are also included in the Rémy Cointreau Group's cost of financial debt.

NOTE 2 CHANGES IN CONSOLIDATION SCOPE

On 30 August 2013, Rémy Cointreau sold its Larsen cognac business (brand, industrial and commercial assets and the inventories required to enable the business to continue to operate) to the Nordic group Altia. These assets were shown as "Assets held for sale" at 31 March 2013 at their fair value less selling costs and tax. The sale was worth €36.8 million before tax.

Rémy Cointreau acquired Larsen SA on 28 December 2012. Significant inventories of high-quality *eaux-de-vie* constituting a major and strategic part of the assets acquired were retained.

NOTE 3 BRANDS AND OTHER INTANGIBLE ASSETS

(in € millions)	**Goodwill**	**Brands**	**Distribution rights**	**Other**	**Total**
Gross value at 31 March 2012	**-**	**486.3**	**7.0**	**23.4**	**516.7**
Acquisitions	23.7	-	-	1.8	25.5
Disposals, items scrapped	-	-	-	(0.1)	(0.1)
Perimeter variances	-	15.6	-	-	15.6
Other movements	-	-	-	0.1	0.1
Translation differences	(1.2)	(0.4)	0.1	0.2	(1.3)
Gross value at 31 March 2013	**22.5**	**501.5**	**7.1**	**25.4**	**556.5**
Acquisitions	-	-	-	3.2	3.2
Disposals, items scrapped	-	-	-	(0.3)	(0.3)
Perimeter variances	-	-	-	-	-
Other movements	-	-	-	-	-
Translation differences	0.4	(0.4)	(0.2)	(0.4)	(0.6)
Gross value at 31 March 2014	**22.9**	**501.1**	**6.9**	**27.9**	**558.8**
Accumulated amortisation and depreciation at 31 March 2012	**-**	**52.2**	**5.1**	**16.2**	**73.5**
Increase	-	-	-	2.8	2.8
Disposals, items scrapped	-	-	-	(0.1)	(0.1)
Translation differences	-	-	0.1	-	0.1
Accumulated amortisation and depreciation at 31 March 2013	**-**	**52.2**	**5.2**	**18.9**	**76.3**
Increase	-	0.1	-	2.7	2.8
Disposals, items scrapped	-	-	-	(0.4)	(0.4)
Translation differences	-	(0.1)	(0.1)	(0.2)	(0.4)
Accumulated amortisation and depreciation at 31 March 2014	**-**	**52.2**	**5.1**	**21.0**	**78.3**
Net carrying amount at 31 March 2012	**-**	**434.1**	**1.9**	**7.2**	**443.2**
Net carrying amount at 31 March 2013	**22.5**	**449.3**	**1.9**	**6.5**	**480.2**
Net carrying amount at 31 March 2014	**22.9**	**448.9**	**1.8**	**6.9**	**480.5**

Intangible fixed assets include the goodwill arising from the acquisition of Bruichladdich Distillery Ltd.

The "Distribution rights" carrying amount includes a brand-equivalent amount.

"Other" mainly comprises software licenses.

At 31 March 2014, the total provision for the impairment of intangible assets was €52.2 million (2013: €52.2 million; 2012: €52.2 million) including €45.0 million for the Greek brandy Metaxa acquired in 2000 and €7.2 million for secondary brands.

All the brands owned by Rémy Cointreau are considered to have an indefinite useful life and so their balance sheet amounts are not amortised (Note **1.6**). The present value of these brands is subject to testing on an annual basis or as soon as there is an indication of a decrease in value. The methods used to determine the present value of the brands is described in Note **1.8.**

Tests conducted by Rémy Cointreau and reviewed by an independent expert on the entire portfolio of brands did not lead the Group to recognise any impairment.

For tests conducted during the period, the present value used was the recoverable value, based on discounted future cash flows generated by medium-term plans (five years) approved by the Board of Directors. The pre-tax discount rate used was 11.17% (2013: 10.91%) and the perpetual growth rate was between 1% and 2% (2013: between 1% and 2%).

Considering the projections and financial parameters on which such tests are based, an increase of 0.5 points in the discount rate, a reduction of 0.5 points in the perpetual growth rate or a 10% decrease in the cash flow projections contained in the medium-term plans would not lead to impairment of any of the brands or other intangible assets held by the Group.

NOTE 4 PROPERTY, PLANT AND EQUIPMENT

(in € millions)	Land	Buildings	Other	In progress	Total
Gross value at 31 March 2012	**8.2**	**84.9**	**179.8**	**4.5**	**277.4**
Acquisitions	0.2	3.2	11.7	15.2	30.3
Disposals, items scrapped	-	(0.3)	(5.2)	-	(5.5)
Perimeter variances	0.9	6.0	7.8	-	14.7
Other movements	0.1	0.9	2.3	(3.6)	(0.3)
Translation differences	-	-	0.4	-	0.4
Gross value at 31 March 2013	**9.4**	**94.7**	**196.8**	**16.1**	**317.0**
Acquisitions	2.2	2.8	21.8	7.0	33.8
Disposals, items scrapped	(0.3)	(0.3)	(2.1)	-	(2.7)
Other movements	0.7	8.2	7.2	(15.8)	0.3
Translation differences	(0.1)	(0.6)	(1.5)	-	(2.2)
Gross value at 31 March 2014	**11.9**	**104.8**	**222.2**	**7.3**	**346.2**
Accumulated amortisation and depreciation at 31 March 2012	**1.4**	**35.5**	**94.1**	**-**	**131.0**
Increase	0.5	2.6	10.7	-	13.8
Disposals, items scrapped	-	(0.3)	(4.7)	-	(5.0)
Perimeter variances	-	0.5	3.3	-	3.8
Other movements	-	-	(0.1)	-	(0.1)
Translation differences	-	-	0.4	-	0.4
Accumulated amortisation and depreciation at 31 March 2013	**1.9**	**38.3**	**103.7**	**-**	**143.9**
Increase	0.5	2.9	10.9	-	14.3
Disposals, items scrapped	(0.1)	-	(1.8)	-	(1.9)
Other movements	-	0.3	-	-	0.3
Translation differences	(0.1)	(0.2)	(1.0)	-	(1.3)
Accumulated amortisation and depreciation at 31 March 2014	**2.2**	**41.3**	**111.8**	**-**	**155.3**
Net carrying amount at 31 March 2012	**6.8**	**49.4**	**85.7**	**4.5**	**146.4**
Net carrying amount at 31 March 2013	**7.5**	**56.4**	**93.1**	**16.1**	**173.1**
Net carrying amount at 31 March 2014	**9.7**	**63.5**	**110.4**	**7.3**	**190.9**

As of 31 March 2014, no property, plant or equipment owned by the Group was subject to impairment provisions.

In the year ended 31 March 2014, acquisitions, in the amount of €33.8 million, related mainly to industrial capital expenditure on the Group’s various production facilities (Cognac, Angers, Barbados, Islay).

These non-current assets are unencumbered.

NOTE 5 INVESTMENT IN ASSOCIATES

Investments in associates represent equity interests in companies meeting the principle described in Note **1.2**.

(in € millions)	Dynasty	Lixir	Diversa	Other	Total
At 31 March 2012	**58.8**	**1.3**	**7.6**	**0.7**	**68.4**
Dividend paid	-	(0.6)	(0.3)	-	(0.9)
Capital increase	-	-	-	0.8	0.8
Profit of the year	-	0.4	0.2	(0.2)	0.4
Provision for impairment	(15.9)	-	-	-	(15.9)
At 31 March 2013	**42.9**	**1.1**	**7.5**	**1.3**	**52.8**
Dividend paid	-	(0.4)	(0.3)	-	(0.7)
Capital increase	-	-	-	0.3	0.3
Profit of the year	-	0.5	(0.2)	(0.2)	0.1
Provision for impairment	(10.9)	-	-	-	(10.9)
Translation differences	(2.6)	-	-	(0.2)	(2.8)
At 31 March 2014	**29.4**	**1.2**	**7.0**	**1.2**	**38.8**

NOTE 5.1 DYNASTY

Rémy Cointreau has a 27% equity investment in the Chinese group, Dynasty Fine Wines Ltd, a producer and distributor of Chinese wines. This legacy Rémy Cointreau stake was originally a joint venture set up in 1980 with the municipality of Tianjin, which still holds a 45% interest. Since 2005, the Company has been listed on the Hong Kong stock exchange, with a free float of approximately 28%.

Trading in its shares was suspended on 22 March 2013, just after the group issued a profit warning for its 2012 financial year. The suspension was due to the fact that the group was unable to publish its 2012 financial statements on time. The delay was caused by investigations launched by the Audit Committee following allegations of fraud. On 31 March 2013, Rémy Cointreau impaired its investment by €15.9 million in consideration of the fact that the downward trend in earnings and the prospect of a loss represented a clear sign of impairment, irrespective of the reality of the allegations of fraud and their potential impact.

At 30 September 2013, the investigations were still not complete and the Dynasty Group had still not published its 2012 or 2013 financial statements, nor had it given the slightest indication to the market of when its shares would recommence trading or of how the investigations were proceeding. Rémy Cointreau conducted a new valuation with the help of an independent expert. This valuation, using all the public data available on Dynasty, its competitors and trends in the wine market in China, led Rémy Cointreau to impair its investment by an additional €10.9 million.

At 31 March 2014, the situation was more or less unchanged. Investigations were still not complete. Neither the 2012, nor the 2013 financial statements had been published. The valuation was revised and the provision recognised in the half-yearly financial statements retained. In light of changes in the EUR/HKD exchange rate, the value of the equity investment was €29.4 million at 31 March 2014

Fair value was measured on the basis of the discounting of future cash flows based on a long-term plan (12 years). This valuation assumes a 3% perpetual growth rate and a 17.5% discount rate.

NOTE 5.2 LIXIR

On 7 October 2008, the Rémy Cointreau Group acquired a 50% interest in the French distribution company Lixir from William Grant & Sons Investments Ltd for €0.5 million.

Lixir's financial year-end is 31 December. Its net sales amounted to €171.4 million over the Rémy Cointreau financial year, compared with €162.2 million the previous financial year.

NOTE 5.3 DIVERSA

On 31 March 2009, the Group acquired a 50% interest in Diversa GmbH to form a distribution joint venture in Germany with the Underberg Group.

At 31 March 2014, Diversa GmbH's net sales were €105.7 million (2013: €120.7 million).

NOTE 5.4 OTHER

During the year ended 31 March 2012, the Rémy Cointreau Group set up a joint venture with an Indian partner with a view to developing a local brandy.

NOTE 6 OTHER FINANCIAL ASSETS

(in € millions)	**2014**	**2013**	**2012**
Non-consolidated equity investments	2.6	4.2	4.6
Vendor loan (Note **6.2**)	86.5	82.1	78.0
Loan to non-consolidated investments	0.2	0.1	0.1
Liquidity account excluding Rémy Cointreau shares	2.3	2.2	3.0
Other	1.6	1.3	1.2
TOTAL	**93.2**	**89.9**	**86.9**

NOTE 6.1 NON-CONSOLIDATED EQUITY INVESTMENTS

(in € millions)	**% held**	**2014**	**% held**	**2013**	**% held**	**2012**
Dettling & Marmot (Switzerland)	25.0%	1.0	25.0%	1.0	25.0%	1.0
Ducs de Gascogne S.A. (France)	30.1%	0.5	30.1%	0.5	30.1%	1.1
Tianjin Dvpt Holding Ltd (RPC)	0.2%	0.5	0.2%	0.6	0.2%	0.4
Balachoa-Vinhos de Portugal (Portugal)	0.8%	0.5	0.8%	0.5	0.8%	0.5
Destilerias de Vilafranca S.A	-	-	100.0%	1.5	100.0%	1.5
Other investments		0.1		0.1		0.1
TOTAL		**2.6**		**4.2**		**4.6**

NOTE 6.2 VENDOR LOAN

As part of the disposal of the Champagne division, which took place on 8 July 2011, the Rémy Cointreau Group granted a vendor loan of €75 million, over a maximum term of nine years (maturing on 8 July 2020), and bearing interest at 5% during the first six years and 6% during the last three years. Interest will be capitalised in the first three years.

As of 31 March 2014, this loan was recognised at the present value of cash flows to be collected by Rémy Cointreau in the event that the loan is repaid on maturity in accordance with the terms and conditions of the contract.

NOTE 6.3 LIQUIDITY ACCOUNT

During the year ended 31 March 2006, Rémy Cointreau signed a liquidity agreement with a financial intermediary (Note **1.18**). This type of agreement does not qualify as “Cash and cash equivalents”. Furthermore, the balance on the account corresponding to the value of the Rémy Cointreau shares held in conjunction with the agreement is reclassified as treasury shares as a deduction from consolidated equity (Note **10.1**).

NOTE 7 INVENTORIES

NOTE 7.1 BREAKDOWN BY CATEGORY

(in € millions)	**2014**	**2013**	**2012**
Raw materials	40.7	30.5	23.4
Ageing wines and *eaux-de-vie*	865.9	779.1	634.9
Goods for resale and finished goods	125.1	142.5	141.5
Gross cost	**1,031.7**	**952.1**	**799.8**
Provision for impairment	(7.1)	(6.2)	(7.2)
Carrying amount	**1,024.6**	**945.9**	**792.6**

Accounting principles applying to inventories are described in Note **1.9**.

As of 31 March 2014, some inventories were subject to agricultural warrants in an amount of €44.0 million (2013: €28.0 million; 2012: €27.9 million).

NOTE 7.2 ANALYSIS OF THE CHANGE

(in € millions)	**Gross cost**	**Impairment**	**Carrying amount**
As at 31 March 2012	**799.8**	**(7.2)**	**792.6**
Movement	56.6	1.1	57.7
Perimeter variance	90.8	-	90.8
Translation differences	4.9	(0.1)	4.8
As at 31 March 2013	**952.1**	**(6.2)**	**945.9**
Movement	91.6	(1.1)	90.5
Translation differences	(12.0)	0.2	(11.8)
As at 31 March 2014	**1,031.7**	**(7.1)**	**1,024.6**

NOTE 8 TRADE AND OTHER RECEIVABLES

A provision for doubtful debt is recognised on a case-by-case basis when the fair value of the receivable is less than its carrying amount.

(in € millions)	**2014**	**2013**	**2012**
Trade receivables	152.8	197.2	160.5
Receivables related to taxes and social charges (excl. income tax)	9.2	8.6	16.5
Sundry prepaid expenses	7.2	6.0	7.2
Advances paid	22.4	24.5	6.8
Receivables related to asset disposals	0.1	-	-
Other receivables	11.0	19.2	16.9
Total	**202.7**	**255.5**	**207.9**
Of which provision for doubtful debts	(6.0)	(6.6)	(5.3)

At 31 March 2014, the breakdown of trade receivables by maturity was as follows:

(in € millions)	Total	Current	Due	
			Less than 3 months	More than 3 months
Trade receivables gross	158.8	102.9	11.1	44.8

NOTE 9 CASH AND CASH EQUIVALENTS

(in € millions)	2014	2013	2012
Short-term deposits	103.9	100.9	126.4
Cash at bank	82.4	85.9	63.7
Total	**186.3**	**186.8**	**190.1**

NOTE 10 SHAREHOLDERS' EQUITY

NOTE 10.1 SHARE CAPITAL, ISSUE PREMIUM AND TREASURY SHARES

	Number of shares	Treasury shares	Total number of shares	Share capital	Share premium	Treasury shares
At 31 March 2012	**49,629,562**	**(1,428,653)**	**48,200,909**	**79.4**	**738.2**	**(95.8)**
Part payment of dividend in shares	1,190,350	-	1,190,350	1.9	90.4	-
2010 bonus share plan	90,000	-	90,000	0.1	-	-
Share Buy Back program	-	(7,791)	(7,791)	-	-	(0.5)
Liquidity account	-	(10,000)	(10,000)	-	-	(0.9)
Other treasury shares	-	(2,850)	(2,850)	-	-	(0.2)
At 31 March 2013	**50,909,912**	**(1,449,294)**	**49,460,618**	**81.4**	**828.6**	**(97.4)**
Share Buy Back program	-	(1,283,053)	(1,283,053)	-	-	(75.9)
Cancellation of shares on 19/11/2013	(1,150,000)	1,150,000	-	(1.8)	(73.8)	75.6
2011 bonus share plan	-	96,500	96,500	-	-	7.1
Cancellation of shares on 25/03/2014	(1,283,053)	1,283,053	-	(2.0)	(73.9)	75.9
Liquidity account	-	10,000	10,000	-	-	0.9
Other treasury shares	-	2,500	2,500	-	-	0.1
At 31 March 2014	**48,476,859**	**(190,294)**	**48,286,565**	**77.6**	**680.9**	**(13.7)**

Share capital and premium

At 31 March 2014, the share capital consisted of 48,476,859 shares with a par value of €1.60.

On 25 September 2012, 1,190,350 shares were issued following the option offered to shareholders to receive payment of the dividend in shares.

On 23 November 2012, 90,000 shares were issued (from available reserves) on expiry of the vesting period of the 2010 bonus share plan.

On 19 November 2013, 1,150,000 treasury shares were cancelled.

As part of a Share Buy Back Plan implemented between 5 December 2013 and 29 January 2014, Rémy Cointreau acquired 1,283,053 shares for a total of €75.9 million. These shares were cancelled on 25 March 2014.

Treasury shares

At 31 March 2014, Rémy Cointreau held 190,294 treasury shares intended to cover the balance of a stock option plan (plan 13 involving 8,000 shares) and current or future bonus share plans (182,294 shares).

NOTE 10.2 NUMBER OF SHARES USED FOR THE CALCULATION OF EARNINGS PER SHARE

The principles for calculating earnings per share are set out in Note **1.20**.

	2014	2013	2012
Average number of shares (basic):			
Average number of shares	50,482,382	50,329,413	49,587,843
Average number of treasury shares	(1,301,699)	(1,449,161)	(263,511)
TOTAL USED FOR CALCULATING BASIC EARNINGS PER SHARE	**49,180,683**	**48,880,252**	**49,324,332**
Average number of shares (diluted):			
Average number of shares (basic)	49,180,683	48,880,252	49,324,332
Dilution effect of stock options and bonus share plans(1)	131,100	130,429	148,898
TOTAL USED FOR CALCULATING DILUTED EARNINGS PER SHARE	**49,311,783**	**49,010,681**	**49,473,230**

(1) The Rémy Cointreau share price used as a reference for the dilution effect was €61.23 for 2012.

All dilutive stock option plans are expired as at 31 March 2013.

NOTE 10.3 STOCK OPTION AND SIMILAR PLANS

Stock-option plans

These plans were granted under the authorisations given by the Extraordinary Shareholders' Meetings held on 21 September 2001 (Plan 12) and 7 September 2004 (Plan 13).

Exercise start date	Plan No.	Term in years	Type(1)	Number of options granted	Exercise price in €	Lapsed options	Options exercised on 31 March 2013	Options exercised during the year	Average exercise price	Options outstanding as at 31 March 2014
16 September 2007	12	6	P	287,000	27.67	27,000	246,440	13,560	79.49	-
24 December 2008	13	6	P	262,000	28.07	35,000	217,350	1,650	74.17	8,000
TOTAL				**549,000**		**62,000**	**463,790**	**15,210**	**78.92**	**8,000**

(1) P = Purchase.

For all plans, one option equals one share granted.

Pursuant to a mechanism approved by the AMF on 8 March 2005, Rémy Cointreau hedged plan 13 in March 2005 by means of a call option concluded with a financial institution enabling Rémy Cointreau to deliver shares to the beneficiaries at exercise date at a cost equal to the exercise price.

Bonus share plans

Grant date(1)	Plan No.	Vesting period	Minimum retention period	Initial number of shares granted	Share value on date granted	Lapsed shares	Shares granted at the end of the vesting period	Number of shares outstanding at 31 March 2014
22 November 2011	2011	2 years	2 years	96,500	58.50	-	96,500	-
20 November 2012	2012	2 years	2 years	96,500	83.29	6,000	n/a	90,500
TOTAL				**193,000**		**6,000**	**96,500**	**90,500**

(1) The grant date is the date of the Board meeting which decided allocations under each plan.

For these two plans, the Board of Directors determined that the following acquisition terms would apply:

- 60% of the shares are granted on condition that the beneficiary is still employed by the Group at the end of the vesting period;
- 40% of the shares are granted on the condition that the beneficiary is still employed by the Group at the end of the vesting period and that the Group has satisfied performance criteria measured at the end of the financial year preceding the end of the vesting period. Performance indicators are the current operating profit margin and return on capital employed measured at constant exchange rates and scope.

The 2011 plan was granted in full by allotment of shares held by Rémy Cointreau.

Calculation of the charge for the year

In accordance with IFRS 2, a charge representing the estimated value of the benefit granted to the beneficiaries of share-based payments is recognised as operating profit (Note **1.19**). As of 31 March 2014, this only concerned bonus share plans.

For the bonus share plans, the unit value is based on the share price at the grant date for Executive Management or Management Committee beneficiaries or the notice date for other beneficiaries, less the estimated value of the dividends per share which would be due during the vesting period.

The charge is calculated by multiplying these unit values by the estimated number of options or bonus shares that will be granted. The amount is amortised on a straight-line basis over the rights vesting period from the date of the Board meeting approving each plan.

The assumptions used for the estimation of the benefit value and the resulting values for the plans included in the calculation of the expense for the year ended 31 March 2014 were as follows:

	2011 Plan	2012 Plan
Expectation performance criteria will be met	100%	0%
Staff turnover ratio	0%	0%
Fair value per option(1)	€55.62	€78.69
Fair value per option (2)	€58.65	€82.21

1) Executive Management and Management Committee members.
2) Other beneficiaries.

For the year ended 31 March 2014, the related expense was €3.7 million (2013: €5.3 million; 2012: €4.3 million).

NOTE 10.4 DIVIDENDS

The Shareholders' Meeting on 24 September 2013 approved the payment of an ordinary dividend of €1.40 per share for the year ended 31 March 2013. The payment was made in October 2013.

NOTE 10.5 NON-CONTROLLING INTERESTS

(in € millions)	2014	2013	2012
Minority interests in Mount Gay Distilleries	1.1	1.2	1.2
TOTAL	**1.1**	**1.2**	**1.2**

NOTE 10.6 CAPITAL MANAGEMENT AND FINANCIAL STRUCTURE

Capital management forms an integral part of the optimisation of the Group's financial structure. In this respect, the Rémy Cointreau management takes into account the intrinsic features of its business and the strategic objectives it has set for the Group. These features require a high level of capital employed, mainly in *eaux-de-vie* inventories undergoing ageing, and provide a unique guarantee for its brands' future and their potential to create shareholder value.

For several years the Group has resolutely pursued a debt-reduction policy in order to maximise the funds available for brand development. As a result, it has sold non-strategic assets and adopted new performance indicators including return on capital employed (ROCE) and free cash flow for the various businesses.

Another key indicator is the "A ratio" (average net financial debt/ EBITDA) (Notes **11.7**, **11.8** and **14.6**), with which the Group must comply in order to access a significant part of its financial resources. The A ratio was 2.09, below the ceiling of 3.50 laid down in the covenant.

During the year ended 31 March 2014, continuing activities generated operating cash flow (before tax and financial expense) of €109.8 million. Net financial debt increased by €148.0 million and the net debt to equity ratio was 0.41 (2013: 0.24; 2012: 0.19).

NOTE 11 FINANCIAL DEBT

NOTE 11.1 NET FINANCIAL DEBT

(in € millions)	2014			2013			2012		
	Long term	**Short term**	**Total**	**Long term**	**Short term**	**Total**	**Long term**	**Short term**	**Total**
Gross financial debt	553.0	46.8	599.8	389.2	63.1	452.3	340.0	38.7	378.7
Cash and cash equivalents (Note **9**)	-	(186.3)	(186.3)	-	(186.8)	(186.8)	-	(190.1)	(190.1)
Net financial debt	**553.0**	**(139.5)**	**413.5**	**389.2**	**(123.7)**	**265.5**	**340.0**	**(151.4)**	**188.6**

NOTE 11.2 GROSS FINANCIAL DEBT BY TYPE

(in € millions)	2014			2013			2012		
	Long term	**Short term**	**Total**	**Long term**	**Short term**	**Total**	**Long term**	**Short term**	**Total**
Bonds	201.5	-	201.5	200.3	-	200.3	199.1	-	199.1
Private placement	139.8	-	139.8	139.5	-	139.5	139.3	-	139.3
Drawdown on syndicated loan	148.3	-	148.3	47.8	-	47.8	-	-	-
Drawdown on other confirmed credit lines	-	-	-	-	-	-	-	25.0	25.0
Other financial debt and overdrafts	-	-	-	-	0.1	0.1	-	0.1	0.1
Accrued interest	-	7.6	7.6	-	7.5	7.5	-	7.3	7.3
Total Rémy Cointreau SA	**489.6**	**7.6**	**497.2**	**387.6**	**7.6**	**395.2**	**338.4**	**32.4**	**370.8**
Bonds	63.3	-	63.3	-	-	-	-	-	-
Other financial debt and overdrafts	0.1	26.1	26.2	1.6	49.3	50.9	1.6	1.2	2.8
Accrued interest	-	1.7	1.7	-	-	-	-	-	-
Borrowings by special purpose entities	-	11.4	11.4	-	6.2	6.2	-	5.1	5.1
Total subsidiaries	**63.4**	**39.2**	**102.6**	**1.6**	**55.5**	**57.1**	**1.6**	**6.3**	**7.9**
Gross financial debt	**553.0**	**46.8**	**599.8**	**389.2**	**63.1**	**452.3**	**340.0**	**38.7**	**378.7**

NOTE 11.3 GROSS FINANCIAL DEBT BY MATURITY

(in € millions)	**Long term**	**Short term**
Before 31 March 2015	-	46.8
10 June 2015	139.8	-
31 March 2016	0.1	
15 December 2016	201.5	-
5 June 2017	148.3	-
13 August 2023	63.3	
TOTAL	**553.0**	**46.8**

As of 31 March 2014, undrawn amounts under the confirmed credit lines of Rémy Cointreau totalled €105 million (2013: €205 million; 2012: €346 million).

As of 31 March 2014, Rémy Cointreau had total confirmed resources of €665 million (2013: €600 million; 2012: €691 million).

Liquidity risk is set out in Note **14**.

NOTE 11.4 GROSS FINANCIAL DEBT BY TYPE OF RATES

(in € millions)	2014			2013			2012		
	Long term	Short term	Total	Long term	Short term	Total	Long term	Short term	Total
Fixed interest rate	404.6	-	404.6	339.8	-	339.8	338.4	-	338.4
Variable interest rate	148.4	37.5	185.9	49.4	55.6	105.0	1.6	31.4	33.0
Accrued interest	-	9.3	9.3	-	7.5	7.5	-	7.3	7.3
Gross financial debt	**553.0**	**46.8**	**599.8**	**389.2**	**63.1**	**452.3**	**340.0**	**38.7**	**378.7**

(in € millions)	2014			2013			2012		
	Long term	Short term	Total	Long term	Short term	Total	Long term	Short term	Total
Drawdown on syndicated loan	148.3	-	148.3	47.8	-	47.8	-	-	-
Drawdown on other confirmed credit lines	-	-	-	-	-	-	-	25.0	25.0
Other	0.1	37.5	37.6	1.6	55.6	57.2	1.6	6.4	8.0
VARIABLE INTEREST RATE	**148.4**	**37.5**	**185.9**	**49.4**	**55.6**	**105.0**	**1.6**	**31.4**	**33.0**

Drawdown on syndicated credit and unconfirmed lines were hedged. Details of the interest rate hedging instruments held in the portfolio at the balance sheet date are provided in Note **14**.

NOTE 11.5 GROSS FINANCIAL DEBT BY CURRENCY

(in € millions)	2014			2013			2012		
	Long term	Short term	Total	Long term	Short term	Total	Long term	Short term	Total
Euro	553.0	46.1	599.1	389.2	62.8	452.0	340.0	37.8	377.8
US dollar	-	0.7	0.7	-	0.3	0.3	-	0.9	0.9
Gross financial debt	**553.0**	**46.8**	**599.8**	**389.2**	**63.1**	**452.3**	**340.0**	**38.7**	**378.7**

NOTE 11.6 BONDS

Bonds with a par value of €205 million

In June 2010, Rémy Cointreau carried out a 6.5-year bond issue with a par value of €205 million. The bonds have a par value of €50,000 each and were issued at 97.745% of par (issue premium of 2.255%), bearing interest of 5.18% payable on 15 June and 15 December of each year. They will be redeemed at par at maturity (15 December 2016).

This bond is not secured.

The bond carries a number of clauses for early redemption at the issuer's option, primarily in the event of a capital increase, whether for the general public or privately placed, or in the event of a material change in the tax regime applicable to payments made by the issuer on the bonds subsequent to the issue date. Furthermore, in the event of a change of control all bearers are entitled to request redemption of their bonds held at 101%.

In the event of the sale of assets, and if the sale proceeds are not used for authorised transactions, Rémy Cointreau must, within 365 days of the date of receipt of the sale proceeds, offer early redemption of the bond up to the amount of the proceeds of the sale. The agreement additionally contains certain conventions that may limit the maximum dividend payout in the event of a loss.

After taking the issue premium and expenses into account, the net proceeds from the bond were approximately €197.0 million, putting the effective interest rate at around 5.89%.

Bonds with a par value of €65 million

On 13 August 2013, Financière Rémy Cointreau SA/NV issued a ten year bond for the amount of €65 million, guaranteed by Rémy Cointreau SA.

The bonds have a par value of €250 000 each and were issued at 97.977% of par (issue premium of 2.003%), bearing interest of 4% payable annually on 13 August. They will be redeemed at par at maturity (13 August 2023).

This bond is not secured.

After taking the issue premium and expenses into account, the net proceeds from the bond were €63.2 million, putting the effective interest rate at 4.35%.

NOTE 11.7 PRIVATE PLACEMENT

On 10 June 2010, Rémy Cointreau secured a so-called "private placement" syndicated finance package with financial institutions. This €140.0 million contract was concluded for five years (maturing on 10 June 2015). The structured financing includes a loan comprising two tranches, of €65 million (tranche A) and €75 million (tranche B) respectively, as well as various swap contracts that exactly match the two tranches, thereby guaranteeing a fixed rate of 3.6675% for the duration of the contract.

After deducting the commitment fee, the net proceeds from the issue were about €138.6 million, which resulted in an effective interest rate of approximately 3.94%.

This contract is unsecured. Availability of the funds is subject to the A ratio (see Syndicated loan) remaining below 3.5 at each half year end for the duration of the contract.

NOTE 11.8 SYNDICATED LOAN

On 5 June 2012, Rémy Cointreau concluded a new syndicated loan to replace the revolving credit line of €346 million that matured on 7 June 2012. The new revolving credit is for a total of €255 million for a period of five years. Amounts drawn down bear interest at EURIBOR plus a fixed margin which is subject to change in line with the Average net financial debt/EBITDA ratio (A ratio).

This facility is unsecured.

Under the terms of this contract, Rémy Cointreau commits to the A ratio being less than or equal to 3.5 at 30 September and 31 March of each year until maturity. As of 31 March 2014, the A ratio was 2.09.

NOTE 12 PROVISIONS FOR RISKS AND LIABILITIES

NOTE 12.1 ANALYSIS OF CHANGE

(in € millions)	**Restructuring**	**Litigation**	**Total**
At 31 March 2012	**0.5**	**7.9**	**8.4**
Increase	-	3.7	3.7
Reversals - Used	(0.2)	(0.4)	(0.6)
Reversals - Unused	-	(2.2)	(2.2)
Perimeter variance	-	0.2	0.2
Translation differences	-	(0.1)	(0.1)
At 31 March 2013	**0.3**	**9.1**	**9.4**
Increase	0.5	13.5	14.0
Reversals - Used	(0.1)	(2.8)	(2.9)
Reversals - Unused	(0.1)	(1.1)	(1.2)
Translation differences	-	(0.3)	(0.3)
At 31 March 2014	**0.6**	**18.4**	**19.0**

"Restructuring" covers costs for the restructuring, closure and transfer of sites in the Netherlands and in Germany. "Litigation" comprises provisions set aside to cover trade, tax and employee-related disputes.

NOTE 12.2 MATURITY

The provisions are intended to cover probable items of expenditure payable as follows:

(in € millions)	**2014**	**2013**	**2012**
Long-term provisions (or unknown maturity)	4.6	5.8	6.9
Short-term provisions	14.4	3.6	1.5
TOTAL	**19.0**	**9.4**	**8.4**

NOTE 13 TRADE AND OTHER PAYABLES

(in € millions)	2014	2013	2012
Trade payables - "*eaux-de-vie*"	231.0	211.5	193.8
Other trade payables	95.4	98.9	83.6
Advances from customers	4.8	19.5	8.2
Payables related to tax and social charges (excl. income tax)	47.5	51.0	49.1
Excise duties	2.6	0.9	1.0
Advertising expenses payable	75.7	88.5	66.0
Miscellaneous deferred income	7.0	10.4	13.7
Other liabilities	45.0	62.2	52.1
TOTAL	**509.0**	**542.9**	**467.5**

NOTE 14 FINANCIAL INSTRUMENTS AND MARKET RISKS

NOTE 14.1 BREAKDOWN OF FINANCIAL INSTRUMENTS BY CATEGORY

The following tables show the financial instruments recorded on the balance sheet analysed by the measurement categories defined in IAS 39.

AT 31 MARCH 2014

(in € millions)	*Notes*	Carrying amount	Fair value	Loans and receivables at amortised cost	Fair value through income statement (1)	Held for sale	Hedging instruments
Other financial assets	*6*	93.2	93.2	88.3	2.3	2.6	-
Trade and other receivables	*8*	202.7	202.7	202.7	-	-	-
Derivative financial instruments	*14*	12.8	12.8	-	-	-	12.8
Cash and cash equivalents	*9*	186.3	186.3	-	186.3	-	-
ASSETS		**495.0**	**495.0**	**291.0**	**188.6**	**2.6**	**12.8**
Long-term financial debt	*11*	553.0	553.0	553.0	-	-	-
Short-term financial debt and accrued interest charge	*11*	46.8	46.8	46.8	-	-	-
Trade and other payables	*13*	509.0	509.0	509.0	-	-	-
Derivative financial instruments	*14*	7.3	7.3	-	1.8	-	5.5
LIABILITIES		**1,116.1**	**1,116.1**	**1,108.8**	**1.8**	**-**	**5.5**

(1) These financial instruments pertain to the "held for trading" category.

AT 31 MARCH 2013

(in € millions)	*Notes*	**Carrying amount**	**Fair value**	**Loans and receivables at amortised cost**	**Fair value through income statement** [1]	**Held for sale**	**Hedging instruments**
Other financial assets	*6*	89.9	89.9	83.5	2.2	4.2	–
Trade and other receivables	*8*	255.5	255.5	255.5	–	–	–
Derivative financial instruments	*14*	6.3	6.3	–	–	–	6.3
Cash and cash equivalents	*9*	186.8	186.8	–	186.8	–	–
ASSETS		**538.5**	**538.5**	**339.0**	**189.0**	**4.2**	**6.3**
Long-term financial debt	*11*	389.2	389.2	389.2	–	–	–
Short-term financial debt and accrued interest charge	*11*	63.1	63.1	63.1	–	–	–
Trade and other payables	*13*	542.9	542.9	542.9	–	–	–
Derivative financial instruments	*14*	18.4	18.4	–	6.3	–	12.1
LIABILITIES		**1,013.6**	**1,013.6**	**995.2**	**6.3**	**–**	**12.1**

(1) These financial instruments pertain to the "held for trading" category.

AT 31 MARCH 2012

(in € millions)	*Notes*	**Carrying amount**	**Fair value**	**Loans and receivables at amortised cost**	**Fair value through income statement** [1]	**Held for sale**	**Hedging instruments**
Other financial assets	*6*	86.9	86.9	79.3	3.0	4.6	–
Trade and other receivables	*8*	207.9	207.9	207.9	–	–	–
Derivative financial instruments	*14*	5.6	5.6	–	–	–	5.6
Cash and cash equivalents	*9*	190.1	190.1	–	190.1	–	–
ASSETS		**490.5**	**490.5**	**287.2**	**193.1**	**4.6**	**5.6**
Long-term financial debt	*11*	340.0	340.0	340.0	–	–	–
Short-term financial debt and accrued interest charge	*11*	38.7	38.7	38.7	–	–	–
Trade and other payables	*13*	467.5	467.5	467.5	–	–	–
Derivative financial instruments	*14*	25.4	25.4	–	9.3	–	16.1
LIABILITIES		**871.6**	**871.6**	**846.2**	**9.3**	**–**	**16.1**

(1) These financial instruments pertain to the "held for trading" category.

NOTE 14.2 MARKET RISK MANAGEMENT POLICY

The Group uses financial instruments to manage its interest rate and currency risk exposure. The policy for managing market risks complies with the prudential rules approved by the Board of Directors. More specifically, the sale of options is limited to tunnel strategies and the resale of previously purchased instruments that are subject to approval on an individual basis.

All hedging transactions are entered into with top-tier international banks.

With regard to currency risk, the Group endeavours to hedge its budgeted net commercial exposure over a rolling period of approximately 15 to 18 months. This is achieved by entering into firm or optional currency hedging agreements in accordance with the guidelines set by the Board of Directors.

The Group does not hedge the currency risk arising from the translation of the financial statements of companies outside the euro zone into euros.

The Group's hedging policy only allows for the hedging of short term currency risk. It is not intended to protect the Group against the economic effects of long-term money market trends on the Group's net sales and margins.

NOTE 14.3 BREAKDOWN OF FINANCIAL INSTRUMENTS (INTEREST AND FOREIGN EXCHANGE RATES)

(in € millions)	2014	2013	2012
Assets			
Interest rate derivatives	-	-	-
Exchange rate derivatives	12.8	6.3	5.6
TOTAL	**12.8**	**6.3**	**5.6**
Liabilities			
Interest rate derivatives	6.9	13.9	15.5
Exchange rate derivatives	0.4	4.5	9.9
TOTAL	**7.3**	**18.4**	**25.4**

NOTE 14.4 INTEREST RATE DERIVATIVES

As of 31 March 2014, interest rate derivatives in the portfolio were as follows:

Breakdown by type

(in € millions)	2014	2013	2012
Liabilities			
Interest rate swaps	4.1	9.0	11.2
Instruments related to Private Placement	2.8	4.9	4.3
TOTAL	**6.9**	**13.9**	**15.5**

Breakdown by maturity

(in € millions)	Nominal	Initial value	Market value	Qualification
Interest rate swaps:				
Maturing in January 2015	75.0	–	2.0	Trading[1]
Maturing in January 2015	50.0	–	1.3	FVH [1]
Maturing in March 2015	25.0	–	0.8	FVH [1]
Related to Private Placement – maturing June 2015	140.0	–	2.8	FVH [1]
TOTAL LIABILITIES	**290.0**	**-**	**6.9**	

(1) FVH: fair value hedge; Trading: held for trading purposes.

Change

Portfolio valuation as at 31 March 2013	**(13.9)**
Variation booked in:	
• Shareholders' equity	7.0
• Cost of gross financial debt	-
Portfolio valuation as at 31 March 2014	**(6.9)**

Sensitivity to interest rate risk

Given the financing in place and existing hedges, a 50 basis point increase or decrease in interest rates would have the following impact:

	2014		2013		2012	
	Euribor 3 months		Euribor 3 months		Euribor 3 months	
Benchmark value	0.296%		0.211%		0.777%	
	+50 bp	–50 bp	+50 bp	–50 bp	+50 bp	–50 bp
Net profit/(loss)	0.2	(0.1)	0.4	(0.3)	1.2	(1.2)
Equity excluding net profit/(loss)	0.2	(0.1)	0.5	(0.3)	0.2	(0.3)
Change in value of financial instruments	0.6	(0.4)	1.4	(0.9)	1.9	(1.9)
Floating rate financial debt	185.9	185.9	103.3	103.3	31.4	31.4
• o/w hedged	75.0	75.0	75.0	75.0	25.0	25.0
• o/w not hedged	110.9	110.9	28.3	28.3	6.4	6.4

NOTE 14.5 EXCHANGE RATE DERIVATIVES

The Group uses options and forward contracts to hedge its cash flows from commercial transactions. Commercial transactions for the year for which payment has not been received as of the balance sheet date are hedged by short-term currency swaps.

Furthermore, Rémy Cointreau SA, which centralises the Group's financing needs, and its subsidiary Financière Rémy Cointreau make intra-Group loans and borrowings denominated in the counterparty's currency. The Group uses back-to-back currency *swaps* to match these loans and borrowings. The maturity of such transactions ranges from one month to one year.

The following table summarises all currency hedging instruments in the portfolio at the balance sheet date.

(in € millions)	**Nominal** (1)	**Initial value**	**Market value**	**Of which CFH**(2)	**Of which trading**(2)
Put options and tunnel options					
Seller USD (vs. EUR)	166.8	3.5	7.4	7.4	-
Other currencies (vs. EUR)	8.7	0.2	0.7	0.7	-
	175.5	**3.7**	**8.1**	**8.1**	**-**
Forward sales					
Seller USD (vs. EUR)	65.3	-	3.2	3.2	-
Other currencies (vs. EUR)	28.5	-	0.9	0.9	-
	93.8	**-**	**4.1**	**4.1**	**-**
Purchase/(sale) of currency swaps (operating activities)(3)					
Seller USD (vs. EUR)	(85.6)	-	0.2	-	0.2
Other currencies (vs. EUR)	(4.5)	-	-	-	-
	(90.1)	**-**	**0.2**	**-**	**0.2**
Purchase/(sale) of currency swaps (financing activities)(3)					
Seller USD (vs. EUR)	(51.4)	-	-	-	-
Other currencies (vs. EUR)	(18.3)	-	-	-	-
	(69.7)	**-**	**-**	**-**	**-**
TOTAL	**109.5**	**3.7**	**12.4**	**12.2**	**0.2**

(1) Nominal amount in foreign currency translated at the closing rate.

(2) Cash flow hedge: hedging cash flow; Trading: held for trading purposes.

(3) Difference between closing price and future price.

During the year ended 31 March 2014, pre-tax income of €10.8 million was recognised directly in equity in respect of change in the intrinsic value of the portfolio of instruments hedging cash flows in the subsequent year.

Sensitivity to foreign exchange risk

Taking into account the hedges in place, a 10% increase or decrease in the EUR/USD exchange rate would have the following impact, with the impact on net profit/(loss) arising mainly from the ineffective portion hedging future flows:

	2014		2013		2012	
	U.S. dollar sensitivity		**U.S. dollar sensitivity**		**U.S. dollar sensitivity**	
Benchmark value	1.3788		1.2805		1.3356	
	+10%	-10%	+10%	-10%	+10%	-10%
EUR/USD rate	1.52	1.24	1.41	1.15	1.47	1.20
Net profit/(loss)	(0.7)	(0.1)	0.1	(3.8)	2.8	(8.5)
Equity excluding net profit/(loss)	13.0	(8.2)	13.5	(9.2)	14.0	(14.1)
Change in value of financial instruments	28.0	(23.4)	21.3	(20.4)	27.3	(36.4)
Nominal amount at balance sheet date:						
• USD/EUR instruments	288.8	353.0	341.7	417.6	361.4	441.7
• USD/EUR receivables potentially exposed	80.9	98.9	69.8	85.4	74.3	90.9

NOTE 14.6 LIQUIDITY RISK

The following table shows the contractual maturity profile of disbursements relating to financial liabilities recognised as of 31 March 2014.

(in € millions)	**Before 31 March 2015**	**Before 31 March 2016**	**Before 31 March 2017**	**Before 31 March 2018**	**Beyond**	**Total**
Financial debt and accrued interest	46.9	140.0	205.0	150.0	65.0	606.9
Trade and other payables	509.0	-	-	-	-	509.0
Derivative financial instruments	4.0	-	-	-	-	4.0
Liabilities recognised at 31 March 2013	**559.9**	**140.0**	**205.0**	**150.0**	**65.0**	**1,119.9**
Future interest on financial debt	19.9	15.6	11.5	3.4	14.0	64.4
TOTAL DISBURSEMENTS	**579.8**	**155.6**	**216.5**	**153.4**	**79.0**	**1,184.3**

In accordance with IFRS 7, liabilities are stated at their carrying amount at the balance sheet date excluding discounting effects. The amounts drawn down on credit lines in the year ended 31 March 2014 are assumed to be carried forward until the maturity of each of the corresponding facilities. The corresponding interest expense is calculated using the parameters known at the balance sheet date. For derivative financial instruments, amounts stated in this analysis are the net cash outflow, excluding discounting effects, which should be paid out by the Company based on market conditions prevailing at the balance sheet date.

Liquidity risk stems mainly from the availability and maturity of financial resources. As of the balance sheet date, total gross financial debt was €606.9 million in nominal value facing confirmed resources with a maturity of more than one year amounting to €665 million as of 31 March 2014 (Note **11.3**). The availability of €395 million is subject to compliance with the A ratio covenant (Notes **11.7** and **11.8**), which must be below 3.50 at the end of every six-month period until maturity of the financing.

Rémy Cointreau has a syndicated loan of €255 million maturing in June 2017, on which drawings in the amount of €150 million had been made as of 31 March 2014.

NOTE 15 SEGMENT REPORTING

The principles applying to the segmentation by business and geographic area are set out in Note **1.17**.

NOTE 15.1 BUSINESSES

Breakdown of net sales and current operating profit

There are no intra-segment sales.

(in € millions)	Net sales			Current operating profit		
	2014	**2013**	**2012**	**2014**	**2013**	**2012**
Rémy Martin	551.2	719.7	592.5	125.4	216.6	172.9
Liqueurs & Spirits	237.3	237.0	213.5	37.1	44.8	52.4
Group brands	788.6	956.7	806.0	162.6	261.4	225.3
Partner Brands	243.1	236.6	220.1	8.7	4.2	4.5
Holding	-	-	-	(21.0)	(20.3)	(22.1)
Total	**1,031.6**	**1,193.3**	**1,026.1**	**150.2**	**245.4**	**207.7**

Breakdown of the balance sheet

AT 31 MARCH 2014

(in € millions)	**Rémy Martin**	**Liqueurs & Spirits**	**Partner Brands**	**Unallocated**	**Total**
Non-current assets	376.4	293.6	1.4	163.7	835.1
Current assets	1,011.7	109.9	97.3	25.3	1,244.2
Derivative financial instruments	-	-	-	12.8	12.8
Cash and cash equivalents	-	-	-	186.3	186.3
TOTAL ASSETS	**1,388.1**	**403.5**	**98.7**	**388.1**	**2,278.4**
Shareholders' equity	-	-	-	1,011.9	1,011.9
Financial debt and accrued interest	-	-	-	599.8	599.8
Provisions for liabilities and charges	27.0	7.6	2.7	8.4	45.7
Deferred and current tax assets	-	-	-	104.7	104.7
Trade and other payables	403.0	57.8	39.5	8.7	509.0
Derivative financial instruments	-	-	-	7.3	7.3
TOTAL EQUITY AND LIABILITIES	**430.0**	**65.4**	**42.2**	**1,740.8**	**2,278.4**

AT 31 MARCH 2013

(in € millions)	**Rémy Martin**	**Liqueurs & Spirits**	**Partner Brands**	**Unallocated**	**Total**
Non-current assets	361.3	290.5	1.5	189.9	843.2
Current assets	960.0	106.9	126.8	8.5	1,202.2
Derivative financial instruments	-	-	-	6.3	6.3
Assets held for sale	-	-	-	28.8	28.8
Cash and cash equivalents	-	-	-	186.8	186.8
TOTAL ASSETS	**1,321.3**	**397.4**	**128.3**	**420.3**	**2,267.3**
Shareholders' equity	-	-	-	1,094.8	1,094.8
Financial debt and accrued interest	-	-	-	452.3	452.3
Provisions for liabilities and charges	17.5	8.9	2.1	6.1	34.6
Deferred and current tax assets	-	-	-	124.3	124.3
Trade and other payables	434.3	54.0	45.9	8.7	542.9
Derivative financial instruments	-	-	-	18.4	18.4
TOTAL EQUITY AND LIABILITIES	**451.8**	**62.9**	**48.0**	**1,704.6**	**2,267.3**

AT 31 MARCH 2012

(in € millions)	**Rémy Martin**	**Liqueurs & Spirits**	**Partner Brands**	**Unallocated**	**Total**
Non-current assets	349.0	238.9	1.7	199.3	788.9
Current assets	783.9	72.6	128.1	19.8	1,004.4
Derivative financial instruments	-	-	-	5.6	5.6
Assets held for sale	-	-	-	0.2	0.2
Cash and cash equivalents	-	-	-	190.1	190.1
TOTAL ASSETS	**1,132.9**	**311.5**	**129.8**	**415.0**	**1,989.2**
Shareholders' equity	-	-	-	976.0	976.0
Financial debt and accrued interest	-	-	-	378.7	378.7
Provisions for liabilities and charges	15.7	5.1	1.8	7.6	30.2
Deferred and current tax assets	-	-	-	111.4	111.4
Trade and other payables	365.6	48.8	41.5	11.6	467.5
Derivative financial instruments	-	-	-	25.4	25.4
TOTAL EQUITY AND LIABILITIES	**381.3**	**53.9**	**43.3**	**1,510.7**	**1,989.2**

Capital expenditure and amortisation expense

(in € millions)	**Capital expenditure and acquisition of intangible assets**			**Depreciation and amortisation charges**		
	2014	**2013**	**2012**	**2014**	**2013**	**2012**
Rémy Martin	26.7	23.2	13.9	10.8	10.8	9.9
Liqueurs & Spirits	9.7	8.4	5.2	5.7	5.1	4.3
Partner Brands	0.6	0.4	0.3	0.6	0.6	0.5
TOTAL	**37.0**	**32.0**	**19.4**	**17.1**	**16.5**	**14.7**

NOTE 15.2 GEOGRAPHIC AREA

Net sales

(in € millions)	**Net sales**		
	2014	**2013**	**2012**
Europe Middle-East Africa	323.8	323.2	317.4
Americas	413.1	394.4	321.3
Asia Pacific	294.7	475.7	387.4
TOTAL	**1,031.6**	**1,193.3**	**1,026.1**

Balance sheet

AT 31 MARCH 2014

(in € millions)	Europe Middle-East Africa	Americas	Asia Pacific	Unallocated	Total
Non-current assets	758.3	36.1	40.7	-	835.1
Current assets	1,024.4	105.7	114.1	-	1,244.2
Derivative financial instruments	-	-	-	12.8	12.8
Cash and cash equivalents	-	-	-	186.3	186.3
TOTAL ASSETS	**1,782.7**	**141.8**	**154.8**	**199.1**	**2,278.4**
Shareholders’ equity	-	-	-	1,011.9	1,011.9
Financial debt and accrued interest	-	-	-	599.8	599.8
Provisions for liabilities and charges	37.0	0.1	8.6	-	45.7
Deferred and current tax assets	101.8	0.3	2.6	-	104.7
Trade and other payables	388.8	40.9	79.3	-	509.0
Derivative financial instruments	-	-	-	7.3	7.3
TOTAL EQUITY AND LIABILITIES	**527.6**	**41.3**	**90.5**	**1,619.0**	**2,278.4**

AT 31 MARCH 2013

(in € millions)	Europe Middle-East Africa	Americas	Asia Pacific	Unallocated	Total
Non-current assets	739.3	35.3	68.6	–	843.2
Current assets	912.1	134.2	155.9	–	1,202.2
Derivative financial instruments	–	–	–	6.3	6.3
Assets held for sale	28.8	–	–	–	28.8
Cash and cash equivalents	–	–	–	186.8	186.8
TOTAL ASSETS	**1,680.2**	**169.5**	**224.5**	**193.1**	**2,267.3**
Shareholders’ equity	–	–	–	1,094.8	1,094.8
Financial debt and accrued interest	–	–	–	452.3	452.3
Provisions for liabilities and charges	34.2	–	0.4	–	34.6
Deferred and current tax assets	110.5	0.3	13.5	–	124.3
Trade and other payables	371.2	51.2	120.5	–	542.9
Derivative financial instruments	–	–	–	18.4	18.4
TOTAL EQUITY AND LIABILITIES	**515.9**	**51.5**	**134.4**	**1,565.5**	**2,267.3**

AT 31 MARCH 2012

(in € millions)	Europe Middle-East Africa	Americas	Asia Pacific	Unallocated	Total
Non-current assets	680.9	31.9	76.1	–	788.9
Current assets	768.5	126.8	109.1	–	1,004.4
Derivative financial instruments	–	–	–	5.6	5.6
Assets held for sale	0.2	–	–	–	0.2
Cash and cash equivalents	–	–	–	190.1	190.1
TOTAL ASSETS	**1,449.6**	**158.7**	**185.2**	**195.7**	**1,989.2**
Shareholders’ equity	–	–	–	976.0	976.0
Financial debt and accrued interest	–	–	–	378.7	378.7
Provisions for liabilities and charges	29.9	–	0.3	–	30.2
Deferred and current tax assets	101.5	0.6	9.3	–	111.4
Trade and other payables	336.7	43.7	87.1	–	467.5
Derivative financial instruments	–	–	–	25.4	25.4
TOTAL EQUITY AND LIABILITIES	**468.1**	**44.3**	**96.7**	**1,380.1**	**1,989.2**

Investments

(in € millions)	Capital expenditure and acquisition of intangible assets		
	2014	**2013**	**2012**
Europe Middle-East Africa	32.5	28.3	16.2
Americas	2.6	2.5	2.1
Asia Pacific	1.9	1.2	1.1
TOTAL	**37.0**	**32.0**	**19.4**

NOTE 16 ANALYSIS OF OPERATING EXPENSES BY TYPE

(in € millions)	**2014**	**2013**	**2012**
Personnel costs	(151.8)	(156.8)	(135.7)
Advertising and promotion expenses	(230.3)	(260.4)	(220.5)
Depreciation, amortisation and impairment of non-current assets	(17.1)	(16.5)	(14.7)
Other expenses	(118.5)	(106.5)	(98.2)
Expenses allocated to inventories and production costs	48.3	47.1	45.3
TOTAL	**(469.4)**	**(493.1)**	**(423.8)**
Of which:			
Distribution costs	(379.8)	(403.3)	(344.8)
Administrative expenses	(89.6)	(89.8)	(79.0)
TOTAL	**(469.4)**	**(493.1)**	**(423.8)**

Distribution costs comprise advertising and promotion expenses, commission income or expenses, ordinary writedowns of inventories and trade receivables and the overheads of the Group distribution companies.

Administrative expenses comprise all overheads of the holding companies and production companies.

Other income and expenses correspond to the profit generated by peripheral activities.

Personnel costs consist of the following:

(in € millions)	**2014**	**2013**	**2012**
Salaries and social charges	(142.8)	(145.4)	(123.6)
Pension and other similar benefits	(3.9)	(2.6)	(2.5)
Employee profit-sharing	(1.4)	(3.5)	(5.3)
Share-based payments	(3.7)	(5.3)	(4.3)
TOTAL	**(151.8)**	**(156.8)**	**(135.7)**

NOTE 17 NUMBER OF EMPLOYEES

The number of employees is stated in full-time equivalents at the balance sheet date and covers all fully consolidated companies.

(full-time equivalents)	**2014**	**2013**	**2012**
France	721	712	674
Europe (outside France) - Africa	280	239	161
Americas	333	332	320
Asia Pacific	421	421	405
TOTAL	**1,755**	**1,704**	**1,560**

NOTE 18 OTHER OPERATING INCOME/(EXPENSE)

(in € millions)	**2014**	**2013**	**2012**
Expenses related to the acquisition of Bruichladdich	(0.1)	(5.3)	-
Expenses related to the acquisition of Larsen	(3.9)	(2.5)	-
Impairment of brands	(0.1)	-	(3.8)
Tax adjustment excluding income taxes	(1.0)	0.2	0.7
Other	0.2	0.1	0.1
Total	**(4.9)**	**(7.5)**	**(3.0)**

NOTE 19 FINANCIAL INCOME/(EXPENSE)

NOTE 19.1 COST OF NET FINANCIAL DEBT BY TYPE

(in € millions)	**2014**	**2013**	**2012**
Bonds	(13.6)	(11.7)	(11.7)
Private placement	(5.3)	(5.3)	(5.2)
Syndicated loan and unconfirmed lines	(4.2)	(3.0)	(0.9)
Finance costs of special purpose entities	(2.5)	(2.7)	(2.9)
Interest flows on hedging interest rate derivatives	(2.5)	(2.3)	-
Ineffective portion of hedging interest rate derivatives	2.1	1.4	-
Other financial expenses	(0.4)	(0.3)	-
Sub–total	**(26.4)**	**(23.9)**	**(20.7)**
Effect of non-hedging interest rate derivatives	(0.1)	(1.2)	(9.2)
Cost of gross financial debt	**(26.5)**	**(25.1)**	**(29.9)**
Interest income	3.7	3.0	2.0
Cost of net financial debt before IFRS 5	**(22.8)**	**(22.1)**	**(27.9)**
Reclassification to discontinued operations	-	-	1.0
Cost of net financial debt	**(22.8)**	**(22.1)**	**(26.9)**

Financial debt is described in Note **11**.

NOTE 19.2 OTHER FINANCIAL INCOME/(EXPENSE)

(in € millions)	**2014**	**2013**	**2012**
Currency gains	-	4.7	-
Vendor loan - interest accrued and revaluation	4.4	4.2	3.0
Other financial income	**4.4**	**8.9**	**3.0**
Currency losses	-	-	(5.1)
Other financial expenses of special purpose entities	(6.3)	(5.2)	(4.7)
Other	(1.5)	(1.6)	(1.6)
Other financial expenses	**(7.8)**	**(6.8)**	**(11.4)**
Total	**(3.4)**	**2.1**	**(8.4)**

The item “Vendor loan - interest accrued and revaluation” relates to the loan granted at the time of the disposal of the Champagne division. The loan is described in Note **6.2**.

Currency losses and gains recorded in “Other financial expenses” include mainly the impact of hedge accounting under IAS 39 relating to the cash flow hedge and the currency gains/(losses) from financing transactions. Currency gains/(losses) from operations are recognised in gross profit (Note **1.4**).

(in € millions)	**2014**	**2013**	**2012**
Ineffective portion of currency hedges	1.1	4.9	(6.6)
Other	(1.1)	(0.2)	1.5
Currency gains/(losses)	**-**	**4.7**	**(5.1)**

NOTE 20 INCOME TAX

NOTE 20.1 NET INCOME TAX EXPENSE

(in € millions)	**2014**	**2013**	**2012**
Current tax/(expense) income	(47.8)	(80.6)	(73.7)
Deferred tax/(expense) income	2.0	8.6	26.4
Total	**(45.8)**	**(72.0)**	**(47.3)**
Effective tax rate	-38.5%	-33.1%	-27.9%

NOTE 20.2 TAX REGIME

Rémy Cointreau has opted for the Group tax regime for certain subsidiaries in which it holds a direct or indirect equity interest of at least 95%. This regime entitles the Group to offset, within certain limits, the tax expenses of companies with taxable income against losses incurred by other subsidiaries. The resulting tax saving is recognised in the year of offset.

NOTE 20.3 ANALYSIS OF ORIGIN AND ALLOCATION OF DEFERRED TAXES

(in € millions)	2014	2013	2012
Breakdown by type			
Pension provisions	9.0	8.0	6.8
Regulated provisions	(14.7)	(10.8)	(8.6)
Other provisions	7.1	8.3	6.8
Brands	(98.4)	(98.4)	(93.4)
Non-current assets	(10.8)	(12.5)	(13.3)
Margins on inter-company inventories	28.6	20.2	16.3
Losses carried forward	3.2	6.1	8.7
Other timing differences	13.0	27.3	22.3
Net liability	**(63.0)**	**(51.8)**	**(54.4)**
Breakdown by tax group			
France	(71.4)	(60.6)	(78.3)
US	6.9	4.9	2.9
Netherlands	(9.9)	(12.7)	(15.4)
Other	11.4	16.6	36.4
Net liability	**(63.0)**	**(51.8)**	**(54.4)**
Deferred tax asset	31.7	93.7	44.0
Deferred tax liability	(94.7)	(145.5)	(98.4)
Net liability	**(63.0)**	**(51.8)**	**(54.4)**

NOTE 20.4 TAX LOSSES AND CAPITAL LOSSES CARRIED FORWARD

As of 31 March 2014, tax losses carried forward totalled €19.3 million (2013: €25.9 million). The potential tax saving arising from the use of these losses is €4.9 million (2013: €7.3 million). Of these deficits, the Group recognised a net asset of €3.1 million, of which it plans to recover €1.8 million by March 2017.

NOTE 20.5 TAX PROOF

In 2014, income tax expense amounted to €45.8 million. The difference with the theoretical tax expense based on the French statutory rate (38.0% in 2014, 36.1% in 2013 and 2012) is as follows:

(in € millions)	2014	2013	2012
Theoretical tax charge	(45.2)	(78.7)	(61.1)
Actual tax charge	(45.8)	(72.0)	(47.3)
Difference	**(0.6)**	**6.7**	**13.8**
Permanent differences between consolidated profit and taxable profit	(0.7)	(15.1)	(8.7)
Use of tax losses or timing differences not previously recognised	-	0.2	1.2
Unused losses from subsidiaries that are loss-making from a tax point of view	-	(0.8)	(0.2)
Difference in tax rates applicable to foreign subsidiaries	9.8	25.4	25.4
Adjustment to the tax charge for prior years	(9.7)	(3.0)	(3.9)
TOTAL	**(0.6)**	**6.7**	**13.8**

NOTE 21 NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

(in € millions)	**2014**	**2013**	**2012**
Champagne			
Champagne division disposal expenses	-	-	(1.1)
Restatement on the EPI distribution contract	-	-	(9.5)
TOTAL	**-**	**-**	**(10.6)**

During the year ended 31 March 2012, pursuant to IFRS, part of the disposal price of the Champagne division was allocated to the distribution contract, whose terms are favourable to the buyer in the initial years. This amount was recognised as a liability and will be released over the periods concerned. The initial corresponding charge was €9.5 million after tax.

NOTE 22 NET PROFIT/(LOSS) EXCLUDING NON-RECURRING ITEMS

Net profit/(loss) excluding non-recurring items corresponds to net profit/(loss) restated for other operating income/expense) (as described in Note **18**), the related tax effects and the profit/(loss) from discontinued operations.

NOTE 22.1 RECONCILIATION WITH NET PROFIT/(LOSS)

Net profit/(loss) excluding non-recurring items attributable to the owners of the parent may be reconciled with net profit/(loss) attributable to the owners of the parent as follows:

(in € millions)	**2014**	**2013**	**2012**
Net profit/(loss) – attributable to the owners of the parent	**62.4**	**130.4**	**110.8**
Provision for impairment on Dynasty shares (Note **5.1**)	10.9	15.9	-
Expenses related to the acquisition of Bruichladdich	0.1	5.3	-
Expenses related to the acquisition of Larsen	3.9	2.5	-
Brand impairment	0.1	-	3.8
Tax adjustment excluding income taxes	1.0	(0.2)	(0.7)
Other	0.2	(0.1)	(0.1)
Tax effect	(0.5)	(2.3)	(0.5)
3% contribution on distribution of dividend in cash	2.1	-	-
Net profit/(loss) from discontinued operations	-	-	10.6
Net profit/(loss) excluding non-recurring items – attributable to the owners of the parent	**80.2**	**151.5**	**123.9**

NOTE 22.2 NET PROFIT/(LOSS) EXCLUDING NON-RECURRING ITEMS PER SHARE – ATTRIBUTABLE TO THE OWNERS OF THE PARENT

(in € millions)	***Notes***	**2014**	**2013**	**2012**
Net profit excluding non-recurring items				
• attributable to owners of the parent company		80.2	151.5	123.9
Number of shares				
• basic	*10.2*	49,180,683	48,880,252	49,324,332
• diluted	*10.2*	49,311,783	49,010,681	49,473,230
Per share (€)				
• basic		1.63	3.10	2.51
• diluted		1.63	3.09	2.50

NOTE 23 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

NOTE 23.1 DEFINED-BENEFIT PENSION PLANS

(in € millions)	**2014**	**2013**	**2012**
Present value of obligation at start of year	**(27.3)**	**(23.7)**	**(29.7)**
Service cost	(2.0)	(1.3)	(1.0)
Interest cost	(0.7)	(0.8)	(1.2)
Curtailment or settlement	–	–	3.6
Benefits paid	1.7	1.2	0.8
Actuarial gain (losses)	(1.3)	(2.6)	(1.6)
Past service costs	–	(0.1)	–
Closure of pension scheme	–	–	1.3
Change in consolidationscope(1)	–	–	4.1
Other (including transfers)	–	–	–
Translation differences	–	–	–
Present value of obligation at end of year	**(29.6)**	**(27.3)**	**(23.7)**
Not funded	(20.1)	(18.9)	(17.2)
Partly funded	(9.5)	(8.4)	(6.5)
Carrying amount of plan asset at start of year	**3.4**	**3.4**	**5.4**
Expected return	0.1	0.2	0.1
Contributions received	0.6	0.6	0.9
Curtailment or settlement	–	–	(2.9)
Benefits paid	(0.8)	(0.5)	(0.1)
Actuarial gain (losses)	(0.1)	(0.3)	–
Other (including transfers)	–	–	–
Translation differences	–	–	–
Carrying amount of plan asset at end of year	**3.2**	**3.4**	**3.4**
Funded status	**(26.4)**	**(23.9)**	**(20.3)**
Unrecognised past service costs	–	(0.9)	(1.1)
Unrecognised actuarial (gains) losses	–	–	–
Net commitment	**(26.4)**	**(24.8)**	**(21.4)**
LIABILITIES	**(26.4)**	**(24.8)**	**(21.4)**
ASSETS	**–**	**–**	**–**

(1) Disposal of the Champagne division

NOTE 23.2 CHARGES FOR THE YEAR

(in € millions)	**2014**	**2013**	**2012**
Service cost	(2.0)	(1.3)	(1.0)
Interest cost	(0.7)	(0.8)	(1.2)
Expected return	0.1	0.2	0.1
Amortisation of other items not recognised	–	–	(0.1)
Curtailment or settlement	–	–	0.6
Total income (expense)	**(2.6)**	**(1.9)**	**(1.6)**
Benefits paid	0.9	0.8	0.7
Employer's contribution	0.6	0.6	0.8
Total net income (expense)	**(1.1)**	**(0.5)**	**(0.1)**
Assumptions			
Average discount rate	2.55%	2.67%	3.94%
Average salary increase	3.00%	3.00%	2.85%
Expected working life	15.7 years	3 to 19 years	6 to 19 years
Expected rate of return of plan assets	2.21%	3.00%	4.00%
Increase in medical costs	5.00%	5.00%	5.00%

NOTE 23.3 ACTUARIAL GAINS AND LOSSES

(in € millions)	**2014**	**2013**	**2012**
Opening balance	**(24.3)**	**(21.4)**	**(17.8)**
Movement for the year	(0.4)	(2.9)	(3.6)
Of which experience adjustments	(0.4)	0.2	0.5
Closing balance	**(24.7)**	**(24.3)**	**(21.4)**

NOTE 23.4 BREAKDOWN OF PRESENT VALUE OBLIGATION BY NATURE

(in € millions)	**2014**	**2013**	**2012**
Retirement indemnities	(10.7)	(9.8)	(8.2)
Supplementary pension plans	(14.5)	(13.7)	(14.3)
Long-service awards	(0.7)	(0.7)	(0.6)
Post-employment healthcare benefits	(0.5)	(0.6)	(0.6)
TOTAL	**(24.7)**	**(24.8)**	**(23.7)**

NOTE 23.5 DEDICATED FINANCIAL ASSETS

At 31 March 2014, the assets underlying the liabilities were held by insurance companies who invest these assets together with their general assets.

NOTE 23.6 SENSITIVITY

The sensitivity of the present value of the rights to an increase/decrease of 250 basis points in the discount rate is less than €1 million.

Given the present non-material scope of post-employment healthcare benefit schemes, the sensitivity to an increase in medical costs exceeding 5% is not material for the Group.

IAS 19R was implemented starting 1 April 2013. Impact was a decrease in provisions for pensions by approximately €1 million in exchange for equity in respect of the full consideration of the past service cost not recognised in the year ended 31 March 2013.

NOTE 24 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES NOTE

NOTE 24.1 OPERATING ACTIVITY COMMITMENTS

(in € millions)	**2014**	**2013**	**2012**
Purchase commitments - non-current assets	14.8	1.2	3.0
Leasing commitments - offices	26.0	9.9	12.4
Leasing commitments - equipment	1.8	2.1	1.9
Purchase commitments - "*eaux-de-vie*"	50.9	15	39.9
Purchase commitments - wine	3.4	11.9	37.7

Purchase commitments - non-current assets mainly concern the acquisition of ageing casks at the Cognac site as well as the acquisition of a distillery in Barbados.

The office leasing commitments mainly relate to the lease of the Group's Paris head office and that of the head office of the subsidiary Rémy Cointreau USA in New York.

The *eaux-de-vie* purchase commitments essentially relate to three-year contracts entered into with the distillers. These commitments are valued based on the prices known at the balance sheet date.

The wine purchase commitments comprise purchase commitments for wine in the U.S.

Breakdown of commitments by maturity as of 31 March 2014:

(in € millions)	**Total**	**2015**	**Beyond**
Purchase commitments - non-current assets	14.8	10.9	3.9
Leasing commitments - offices	26.0	4.8	21.2
Leasing commitments - equipment	1.8	0.8	1.0
Purchase commitments - "*eaux-de-vie*"	50.9	12.2	38.7
Purchase commitments - wine	3.4	1.4	2.0

NOTE 24.2 FINANCING COMMITMENTS, DEPOSITS AND SIMILAR GUARANTEES

(in € millions)	**2014**	**2013**	**2012**
Tax deposits	0.2	0.2	0.2
Customs deposits	14.2	13.4	12.9
Export deposits	0.5	0.5	0.5
Environmental deposits	2.5	2.5	2.5
Guarantees granted to suppliers	6.3	6.3	6.3
Factoring guarantees	10.0	10.0	10.0
Agricultural warrants on AFC inventories	44.0	28.0	27.9
Guarantee on 65 M€ bond issue	65.0	-	-
Miscellaneous guarantees on credit lines	4.4	9.5	8.7
Other guarantees	0.1	0.8	-

Breakdown of commitments by maturity as of 31 March 2014:

(in € millions)	**Total**	**2015**	**Beyond**
Tax deposits	0.2	-	0.2
Customs deposits	14.2	1.4	12.8
Export deposits	0.5	-	0.5
Environmental deposits	2.5	-	2.5
Guarantees granted to suppliers	6.3	6.3	-
Factoring guarantees	10.0	-	10.0
Agricultural warrants on AFC inventories	44.0	44.0	-
Guarantee on 65 M€ bond issue	65.0	-	65.0
Miscellaneous guarantees on credit lines	4.4	4.0	-

Other guarantees	0.1	-	0.1

NOTE 24.3 CONTINGENT LIABILITIES RELATED TO DISPOSAL TRANSACTIONS

In connection with disposal transactions, guarantees in respect of liabilities are generally granted to the buyers for defined periods and amounts stipulated in the agreements. Liabilities for tax, excise duties and social security payments that may arise following audits covering periods prior to the sale are generally included until such liabilities lapse under the statute of limitations.

The guarantees granted and still outstanding at 31 March 2014 were as follows:

Disposal transaction	Transaction date	Nature of ongoing guarantees	Maturity	Maximum amount
Piper-Heidsieck Compagnie Champenoise	8 July 2011	Tax and similar items	Legal period +90 days	No ceiling
Larsen	30 August 2013	Tax and similar items, other items	Legal period 30 August 2015	€3.0 million

NOTE 24.4 OTHER CONTINGENT LIABILITIES

At 31 March 2014, Rémy Cointreau was involved in various litigations. After reviewing each case in relation to each subsidiary concerned, and after seeking legal advice, the provisions deemed to be necessary have been established to cover the estimated risks, where applicable.

Rémy Cointreau declares that it has not omitted any material off-balance sheet items in the presentation of its consolidated financial statements.

NOTE 25 RELATED PARTIES

NOTE 25.1 TRANSACTIONS WITH ASSOCIATES

At 31 March 2014, the Rémy Cointreau Group’s main associates were Dynasty Fine Wines Group Ltd, Lixir and Diversa.

The transactions with these companies are described in Note **5**.

NOTE 25.2 TRANSACTIONS WITH ORPAR AND ANDROMÈDE

Andromède is Rémy Cointreau’s main shareholder, through Orpar. Transactions between Rémy Cointreau and these companies are as follows:

(in € millions)	**2014**	**2013**	**2012**
Service fees paid	3.2	3.4	3.3
Current account	-	0.1	0.1
Trade payables and other liabilities	-	0.1	0.1

NOTE 25.3 TRANSACTIONS WITH COMPANIES WITH A COMMON SHAREHOLDER OR DIRECTOR

Andromède, shareholder of Orpar, is also a shareholder of Oeneo group, which is listed on Euronext Paris and is a market leader in the cooperage and corking business. As such, various Oeneo Group subsidiaries are suppliers to the Rémy Cointreau Group.

(in € millions)	**2014**	**2013**	**2012**
Purchases of non-current assets	3.4	3.0	2.4
Other purchases	0.7	0.8	0.7
Trade payables	0.6	0.8	-

NOTE 25.4 MANAGEMENT BODIES

The Group's management bodies comprise the members of the Board of Directors and the Executive Committee.

Short-term benefits comprise fixed and variable remuneration and directors' fees.

(in € millions)	**2014**	**2013**	**2012**
Short-term benefits	6.8	6.2	6.6
Post-employment benefits	0.4	0.4	0.2
Share-based payments	2.2	2.9	2.3
TOTAL	**9.4**	**9.5**	**9.1**

NOTE 26 POST-BALANCE SHEET EVENTS

On 11 April 2014, Rémy Cointreau signed an amendment to extend its €255 million syndicated loan with a pool of ten banks. This loan was extended by five years, to 11 April 2019, with more favourable margins.

On 31 March 2014, the Group signed a promise to purchase for the acquisition of a distillery in Barbados, which was acquired at the end of May 2014. The amount was around USD 9.5 million. This acquisition will enable the production capacity of Mount Gay rum to be increased.

The Dynasty Group has not published its 2012 or 2013 annual financial statements or made any statement in respect of the allegations of fraud made against it. Trading in its shares is still suspended. A Hong Kong stock exchange investigation has been ongoing since May 2014.

NOTE 27 LIST OF CONSOLIDATED COMPANIES

At 31 March 2014, the consolidation included 51 companies (47 at 31 March 2013). Forty-seven companies were fully consolidated, and four were accounted for using the equity method. All companies have a 31 March year-end, with the exception of Dynasty Fine Wines Group Ltd and Lixir, which have a 31 December year-end.

Company	Activity	% interest March 2014	March 2013
EUROPE			
France			
Rémy Cointreau SA(1)	Holding/Finance	100.0	100.0
Rémy Cointreau Services (1)	Holding/Finance	100.0	100.0
CLS Rémy Cointreau(1)	Production/Distribution	100.0	100.0
DomainesRémy Martin(1)	Agricultural production	100.0	100.0
E. Rémy Martin &Cie(1)	Production	100.0	100.0
Cointreau(1)	Production	100.0	100.0
Izarra - Distillerie de la Côte Basque(1)	Production	100.0	100.0
Alliance Fine Champagne(2)	Special purpose entity	100.0	100.0
Lixir(3)	Distribution	50.0	50.0
Rémy Cointreau International Marketing Service(1)	Other	100.0	100.0
Joint Marketing Services (1)	Holding/Finance	100.0	100.0
Rémy Cointreau Ariès(5)	Production	100.0	100.0
Netherlands			
Rémy Cointreau Nederland Holding NV	Holding/Finance	100.0	100.0
DELB BV	Holding/Finance	100.0	100.0
Rémy Cointreau Nederland BV	Holding/Finance	100.0	100.0
De Bron 1575 BV	Holding/Finance	100.0	100.0
Other countries			
Hermann Joerss GmbH & Co (Germany)	Distribution	100.0	100.0
Cointreau Holding GmbH (Germany)	Holding/Finance	100.0	100.0
DiversaSpezialitaten GmbH(3) (Germany)	Distribution	50.0	50.0
S. & E. & A. Metaxa ABE (Greece)	Production	100.0	100.0
Financière Rémy Cointreau SA (Belgium)	Holding/Finance	100.0	100.0
Rémy Cointreau Belgium (Belgium)	Distribution	100.0	100.0
Rémy Cointreau Luxembourg SA (Luxembourg)	Distribution	100.0	100.0
Rémy Cointreau Slovakia sro (Slovakia)	Distribution	100.0	100.0
Rémy Cointreau Czech Republic sro (Czech Republic)	Distribution	100.0	100.0
Bruichladdich Distillery Company Ltd (UK)	Production	100.0	100.0
Rémy Cointreau UK Ltd (UK)	Holding/Finance	100.0	100.0
AMERICAS			
Unites States			
Rémy Cointreau USA Inc	Distribution	100.0	100.0
Rémy Cointreau AmériqueInc	Holding/Finance	100.0	100.0
Rémy Cointreau Travel Retail Americas Inc	Distribution	100.0	100.0

Barbados			
Mount Gay Distilleries Ltd	Production	95.2	95.2
Mount Gay Holding Ltd	Holding/Finance	100.0	100.0
Other countries			
Cointreau Do Brazil (licores) Ltda (Brazil)	Other	100.0	100.0
ASIA/PACIFIC/AFRICA			
China/Hong Kong			
Dynasty Fine Wines Group Ltd(3)	Production	27.0	27.0
Rémy Cointreau Shanghaï Ltd	Distribution	100.0	100.0
E. RémyRentouma Trading Ltd	Distribution	100.0	100.0
Shanghaï RC Trading Ltd	Distribution	100.0	100.0
Rémy Concord Ltd	Distribution	100.0	100.0
RémyPacifique Ltd	Holding/Finance	100.0	100.0
Caves de France	Holding/Finance	100.0	100.0
Other countries			
Rémy Cointreau Taïwan Pte Ltd (Taïwan)	Distribution	100.0	100.0
Rémy Cointreau Japan KK (Japan)	Distribution	100.0	100.0
Rémy Cointreau International Pte Ltd (Singapore)	Distribution	100.0	100.0
Rémy Cointreau India Private Ltd (India)	Distribution	100.0	100.0
Rémy Sula India Pvt Ltd (India)(3)	Production	50.0	50.0
Rémy Cointreau South Africa Pty Ltd (South Africa)	Distribution	100.0	100.0
Rangit Ltd (Mauritius)	Holding/Finance	100.0	100.0
CHANGES IN CONSOLIDATION SCOPE			
Rémy Cointreau UK Distribution Ltd(4) (UK)	Holding/Finance	100.0	-
Rémy Cointreau Europe & MEA SA (Switzerland)(4)	Distribution	100.0	-
RM Cointreau Vietnam Company Ltd(4) (Vietnam)	Distribution	100.0	-
Storeco(1)(5) (France)	Production	100.0	-

(1) Company included in the French tax group.

(2) Special-purpose entity.

(3) Equity-accounted company.

(4) Creation during the year.

(5) ex Larsen - Le Cognac des Vikings SA, renamed Rémy Cointreau Ariès